ORDER ON 1ST AND 2ND QUARTERS 2019 SEMI-ANNUAL REPORTS

On October 24, 2019, the Commission held a legislative-style hearing in the above-captioned case to review, *inter alia*, the semi-annual EmPOWER Maryland reports for the first and second quarters of 2019 as filed by The Potomac Edison Company (“PE”),1 Baltimore Gas and Electric Company (“BGE”),2 Potomac Electric Power Company (“Pepco”),3 Delmarva Power & Light Company (“Delmarva”),4 Southern Maryland Electric Cooperative, Inc. (“SMECO”)5 (collectively, “Electric Utilities”), Washington Gas Light Company (“WGL”)6 (collectively, along with the Electric Utilities, “the Utilities”), and the Maryland Department of Housing and Community Development

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The Commission reviewed the comments pertaining to the semi-annual reports as filed by the Commission’s Technical Staff (“Staff”), the Office of People’s Counsel (“OPC”), the Maryland Energy Administration (“MEA”), the Maryland Energy Efficiency Advocates (“MEEA”), and the Heating and Air Conditioning Contractors of Maryland, Inc. (“HACC”) and the Association of Air Conditioning Professionals (“AACP”) (collectively, “the Alliance”). The Commission also reviewed other filings, and any associated comments, including but not limited to, a Report on the Limited Income programs, the final plan for an Electric and Gas Residential New Construction Program, a report on the progress of the transition to a performance-based incentive structure for the Home Performance with ENERGY STAR (“HPwES”) Program, a report on the implementation of the Midstream Incentive Program, reports pertaining to the evaluation, 

8 ML#227136: Comments of the Public Service Commission Staff 2019 Semi-Annual EmPOWER Maryland Programmatic Reports for the First and Second Quarters (“Staff Comments”) (Oct. 15, 2019).
10 ML#227109: Maryland Energy Administration Comments on the EmPOWER Maryland Semi-Annual Reports for the period from January 1, 2019 through June 30, 2019 (“MEA Comments”) (Oct. 15, 2019).
12 ML#227135: Comments of the Heating and Air Conditioning Contractors of Maryland, Inc. and the Association of Air Conditioning Professionals on the EmPOWER Maryland Semi-Annual Reports from January 1, 2019 through June 30, 2019 filed by BGE and Pepco (“HACC/AACP Comments”) (Oct. 15, 2019).
verification, and cost-effectiveness of the EmPOWER Programs from the Electric Utilities,17 WGL,18 and DHCD,19 and a report on the WGL Behavioral Program.20

The filings analyzed the performance of the Utilities’ and DHCD’s portfolios for the first half of the 2019 program year, offered recommendations for programmatic improvements, provided status reports and data in response to prior Commission orders, and requested approval and direction from the Commission regarding future programming. The October 24 hearing provided supplemental information on the written filings, thereby assisting the Commission with providing the directions and decisions contained in this Order.

**Residential Program Modification and Budgetary Requests**

Delmarva requests approval for $675,000 in additional funds for its Residential Home Performance with ENERGY STAR (“HPwES”) Program.21 Delmarva exhausted its cycle incentive budget in June 2019, then placing program activity on hold until the Commission issued Order No. 89189,22 which approved the reallocation of funds from Delmarva’s Lighting, Appliance Rebate, Appliance Recycling, Quick Home Energy Check-up Program (“QHEC”), and Behavior Programs to the HPwES Program. Delmarva now reports that it has exceeded both its 2019 and cycle-to-date energy savings targets, and

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18 ML#227190: Washington Gas Light Company EmPOWER Maryland Reports (“WGL Reports”) (Oct. 18, 2019).
19 ML#227180: Evaluation Reports for the Department of Housing and Community Development EmPOWER Maryland Programs (“DHCD Reports”) (Oct. 17, 2019).
20 ML#227190: Washington Gas Light Company EmPOWER Maryland Reports (“WGL Reports”) (Oct. 18, 2019).
21 Delmarva Report at 8.
22 Maillog #226036, July 11, 2019.
therefore requests an additional $625,000 for the Program’s incentive budget and $50,000 for the marketing budget.\textsuperscript{23} The Commission approves the additional funding, which will allow the Program to continue providing energy retrofits for Delmarva ratepayers and avoid disrupting the operations of its contractors.

BGE requests approval to implement certain modifications to its PeakRewards Program and to institute Bring Your Own Device (“BYOD”), a new Residential Demand Response Program.\textsuperscript{24} PeakRewards launched in 2008 and offers an Air Conditioning (“A/C”) Program and an Electric Water Heater Program. In the A/C Program, customers agree to allow BGE to cycle their air conditioner’s compressor, and receive a bill credit in return. Customers are offered either a one-way thermostat or A/C switch to initiate the cycling, neither of which allow for confirmation to BGE that the thermostat or switch are still installed. The BYOD program would allow customers to purchase a qualifying smart thermostat that, among other things, allows BGE to determine whether or not the device is on-line and ready to receive BGE’s cycling signal.\textsuperscript{25} BGE proposes to offer the BYOD Program in addition to maintaining the current PeakRewards A/C Program, but proposes to partially sunset the A/C program, noting that, beginning April 1, 2020, it will no longer accept new customers into the A/C Program, and within the first few years of the BYOD Program, BGE will encourage existing A/C Program customers to convert to the BYOD Program.\textsuperscript{26} The Commission agrees that the BYOD Program can provide improved

\textsuperscript{23} Delmarva Report at 9.
\textsuperscript{24} BGE Report at 15.
\textsuperscript{25} \textit{Id.}
\textsuperscript{26} \textit{Id.}
communications, increased reliability, and a potential decrease in costs.\textsuperscript{27} For these reasons, the Commission approves the partial sunset of BGE’s PeakRewards A/C Program and the implementation of the BYOD program and associated tariff revisions to Rider 15, “Demand Response Service,” as proposed.

BGE also proposes to sunset the PeakRewards Electric Water Heater Program. Customers participating in the Electric Water Heater Program allow a qualified BGE contractor to install a switch for cycling by BGE, and in exchange receive a $6.25 bill credit every month between November and February. BGE reports low enrollment in the Program, with customer feedback indicating inconvenience and minimal bill credits as reasons. BGE also notes that the costs of the program exceed the benefits by nearly 40%. Allowing BGE to sunset the Program would be cost-saving, and customers would instead be encouraged to participate in the BYOD program. For these reasons, the Commission approves BGE’s request to sunset its PeakRewards Electric Water Heater Program, and the associated tariff revisions to Rider 15, “Demand Response Service,” as proposed.

HACC/AACP requested an extension on installation and rebate submissions deadlines pertaining to BGE and Pepco’s HVAC Midstream Programs.\textsuperscript{28} Specifically, HACC/AACP noted that BGE and Pepco’s plan to move all remaining HVAC equipment into the Midstream Program by November 1, 2019 would have been problematic for HVAC contractors and ratepayers as such action would end the “downstream” HVAC rebate program immediately and without notice.\textsuperscript{29} HACC/AACP did not object to a

\textsuperscript{27} The BYOD Program “significantly reduces costs in the Outside Services and Capital categories. These program savings are largely driven by the elimination of new customer devices (switches and thermostats) being purchased, installed, and maintained by the program.” \textit{Id.}, Appendix C.

\textsuperscript{28} HACC/AACP Comments at 3.

\textsuperscript{29} \textit{Id.}
deadline of October 31, 2019 for HVAC purchases to be considered under the “downstream” program, but requested that the deadline for equipment installation be extended until November 30, 2019, and the deadline for rebate submission be January 31, 2020.30 The Commission notes that BGE and Pepco agreed to HACC/AACP’s requested terms on the record at the October 24, 2019 hearing, and consequently extends the deadline for rebate submission to January 31, 2020.31

OPC requests the establishment of a fixed incentive to be passed through to HVAC Midstream Program customers.32 OPC has made this recommendation in prior requests, contending that such an incentive may drive customer participation and address concerns of free-ridership.33 However, OPC provides no data to support its contentions, and therefore the Commission again declines OPC’s request. The Commission continues to be interested in the performance of the Midstream Program and welcomes research findings on best practices and results from other jurisdictions.

**Electric and Natural Gas Coordination**

The Electric and Natural Gas Coordination Work Group requests approval of its final plan for a Coordinated Residential New Construction Program.34 The Commission approves the final plan of the Program as proposed, and directs the Electric and Natural Gas Coordination Work Group to consider offering varying incentives for different types of equipment available within the Program.

30 Id.
31 Hr’g Tr. at 69, line 12; at 70, line 13.
32 OPC Comments at 2.
33 Id.
34 Coordinated Program Plan at 2.
WGL requests approval of Phase II of its Residential Natural Gas-Electric Coordinated Program, including a modification to the performance-based incentive (“PBI”) structure for the HPwES program and Home Energy Improvement Program (“HEIP”) from $1-3 per lifetime MMBtu to $3-6 per lifetime MMBtu. The Commission approves Phase II of the Residential Natural Gas-Electric Coordinated Program as proposed. The Commission acknowledges concerns expressed regarding inconsistencies with program design and incentives, but declines to direct modifications to the programs, noting that such concerns are temporary in nature as they only apply to the transitioning from one program to the next. Furthermore, given the newness of the Program, the Commission also declines the request to require WGL to achieve additional savings through its Residential Natural Gas-Electric Coordinated Program for the 2020 program year.

In Order No. 89189, the Commission directed the Electric and Natural Gas Coordination Work Group to provide a definition for fuel-neutrality on or before October 1, 2019. The Commission accepts the following definition of fuel-neutrality as proposed by Staff: “providing electric and natural gas customers with the opportunity to receive equitable incentives for comparable electricity or natural gas savings measures.”

C&I Program Budgetary Requests

SMECO requests approval for $1,760,036 in additional funds for its Commercial

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36 Order No. 89189 at 22.
37 Staff Comments at 19.
Demand Response Program. SMECO explains that, due to an error in the initial budget projections within the 2018-2020 program filing, its Commercial Demand response program is underfunded in the areas of outside services and customer incentives, and additional funds are needed to remain funded for the last year of the current program cycle. Recognizing that SMECO does not have another program suitable for a funds transfer, the Commission approves the requested increases of $218,531 to the program’s incentive budget and $1,541,505 to the program’s outside services budget.

Conservation Voltage Reduction

In Order No. 89189, the Commission directed Staff, on behalf of a third-party evaluator, to file a report on the cost of evaluating the savings methodology used by the four Electric Utilities with Conservation Voltage Reduction (“CVR”) Programs to report energy savings for the Program on or before October 15, 2019. Staff reported that Itron, the Statewide Evaluator, estimated that it could evaluate the Electric Utilities’ CVR savings methodologies for approximately $10,000 per utility. The Commission notes that, among the four Electric utilities with CVR Programs, the Exelon utilities are the best candidates for review because their programs began operating in the previous program cycle, while SMECO’s program began in 2018. The Commission therefore directs the three Exelon

38 SMECO Report at 4.
39 Id.
40 Potomac Edison does not operate a CVR Program in its Maryland service territory.
41 Order No. 89189 at 17.
42 “The cost would likely be less than $10,000 for those utilities that have robust program documentation, clean and complete program tracking data, and clear and accessible summaries of the data inputs and analytic methodologies used to develop the initial impact assessments. The cost would likely exceed $10,000 for utilities that do not meet these conditions.” Staff Comments at 21.
utilities to undergo an evaluation by Itron of the savings methodologies employed for their CVR Programs, provided that the total cost of the evaluations does not exceed $30,000.

**Limited Income Programs**

In Order No. 88964, the Commission addressed the need for better collaboration between DHCD and the Utilities to potentially increase participation rates and energy savings in limited income programs.\(^43\) The Commission directed DHCD and the Limited Income Work Group to complete certain tasks to assist with the improvement of collaborations, including to develop proposed limited income energy savings goals in order to define expectations.\(^44\) The Limited Income Work Group could not agree on a proposal for limited income goals, thus in Order No. 89189, the Commission directed DHCD, on behalf of the Limited Income Work Group, to file a follow-up report by October 15, 2019 on the progress of the Work Group and any recommendations for the Commission’s consideration on limited income goals.\(^45\)

The resultant Limited Income Report states that the Work Group remains unable to provide a consensus recommendation as to limited income goals for the EmPOWER programs. The Utilities request that, if a limited income goal is required, the goal be participation-based rather than savings-based;\(^46\) MEEA, with the support of OPC, recommends that the Commission establish a 1.0% electric savings goal and a 0.5% gas

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\(^{43}\) Order No. 88964 at 15.

\(^{44}\) *Id.* at 16.

\(^{45}\) Order No. 89189 at 16–17.

\(^{46}\) Limited Income Report at 4.
savings goal for limited income programs;\textsuperscript{47} and both Staff and DHCD do not have a recommendation for a limited income goal.\textsuperscript{48}

The legislative mandate of EmPOWER is to reduce energy consumption. Accordingly, it is important that all EmPOWER programs be measured and assessed against this mandate, including limited income programs. The Commission recognizes that achieving consensus on an energy savings goal specifically for limited income programs may be difficult, but directs the Work Group to continue its efforts to establish such goals nonetheless.\textsuperscript{49}

The Commission also directs the parties to focus on increasing participation in the programs. While the Commission recognizes that the Utilities have only recently begun reporting savings and participation for these programs, and that DHCD and the Utilities are still exploring the best ways to have their limited income programs co-exist without conflicting with each other, it also recognizes the importance of the limited income programs, and therefore directs that steps be taken in furtherance of the goal of increased participation in these programs.

The Commission directs Staff and DHCD to co-lead the Limited Income Work Group through the filing of the 2021-2023 plans per DHCD’s request. This shift in leadership is intended to bring about productive collaboration on the development of program enhancements geared toward increased customer participation, as well as an equitable sharing of the efforts required to facilitate the Work Group. As part of its efforts

\textsuperscript{47} Id. at 5 and 7.
\textsuperscript{48} Id. at 8.
\textsuperscript{49} Proposed energy savings goals submitted to the Commission must be accompanied by data on the cost to achieve the proposed goals.
to increase participation in the limited income programs, the Work Group should consider, among other things, how to improve coordinating and expediting service delivery for limited income programs, how to increase the outreach and marketing of limited income programs, and how to increase participation, particularly in limited income programs that do not require direct customer investments.

DHCD requests that the Commission allow for incentive pricing generated through a competitive bidding process be exempt from Limited Income Work Group review and Commission approval, and makes the same request for the procurement of local weatherization agencies. DHCD points out that there are adequate safeguards in place to protect all interested parties, and that such exemptions would eliminate conflicts of interest that have arisen with bidding contractors that are also part of the Work Group process. The Commission approves this request, provided DHCD submit a filing directly to the Commission advising of the new incentive pricing resulting from a procurement.

DHCD also requests the elimination of Commission approval for changes or updates to its incentive list when a Limited Income Work Group consensus supports such changes. The Commission agrees that the removal of the Commission approval requirement will reduce administrative burdens to DHCD and delays in services to customers, and approves the request.

DHCD requests approval for the expansion of its Maryland Energy Efficiency Tune-Up (“MEET”) customer pool. Currently, customers eligible for the MEET Program

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50 DHCD Report at 14.
51 Id.
52 Id.
53 Id. at 16.
are those that have completed Low-Income Energy Efficiency Program (“LIEEP”) projects within the past three years.\textsuperscript{54} Between the Program’s launch in January 2019 and July 2019, DHCD had already worked through all potential leads from the past three years, completing work at 105 homes.\textsuperscript{55} DHCD seeks to expand the customer pool to those that have completed LIEEP projects within the past five years. The Commission acknowledges the benefits of identifying additional eligible MEET customers as well as customers eligible for repeat LIEEP services once their five-year post-weatherization hold has expired, and approves DHCD’s request for expansion of the eligible customer pool.

Lastly, DHCD requests permission to follow the Maryland Energy Assistance Program (“MEAP”) guidelines for the replacement of non-functional HVAC systems and water heaters, and to implement certain critical medical needs (“CMN”) guidelines for refrigerator replacements for customers with documented CMNs.\textsuperscript{56} DHCD explains that the repair and replacement of these items are considered “crisis measures” for CMN customers, but are nearly impossible to perform given the current technical requirements that must be met in order to be eligible to receive EmPOWER funding.\textsuperscript{57} The Commission approves DHCD’s request for exceptions for CMN customers to technical requirements specified in the DHCD Report,\textsuperscript{58} but notes that, if the practice of following the noted MEAP and CMN guidelines continues into the next program cycle, DHCD should be prepared to report at the end of each program year what equipment was replaced.

\textsuperscript{54} Id.
\textsuperscript{55} Id.
\textsuperscript{56} Id. at 14.
\textsuperscript{57} Id.
\textsuperscript{58} Id., Attachment B.
**Reporting**

MEA submits a revised mid-year and year-end reporting table for Commission approval. MEA notes that the original tables contained gaps in the percentages that lead to ambiguity in the display of results, and that the revised tables clarify the issue.\(^{59}\) The Commission approves the use of the revised tables submitted by MEA.

The Commission was presented with several other requests and recommendations regarding revisions to the content and format of EmPOWER reporting.\(^{60}\) The Commission accepts the recommendation from the Limited Income Work Group to not require the Utilities to report limited income savings associated with their respective behavioral programs. The Commission declines the request by OPC to direct the Utilities to report on their progress promoting the BeSmart loan to HPwES customers, noting that, while the data can be reported, the BeSmart program is outside of the Commission’s purview and thus the reporting will not be required. All other requests and recommendations pertaining to EmPOWER reporting are denied.

The Commission is supportive of efforts intended to clarify reports and provide more granular program information; however, it also finds that reporting modifications made mid-cycle can lead to confusion, and the requests for changes to reports remove the focus from the actual performance of the EmPOWER programs. Any proposals for changes to reporting should be made to coincide with the start of a new program cycle.

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\(^{59}\) MEA Comments at 31–32.

\(^{60}\) This includes, but is not limited to, the request to direct the Utilities to separate appliance and non-appliance measures in their reporting, the request to require consistent reporting on behavior programs and smart thermostats across the Utilities.
IT IS THEREFORE, this 20th day of December, in the year Two Thousand Nineteen, by the Public Service Commission of Maryland,

ORDERED: (1) That the Delmarva Power & Light Company request for an additional $675,000 for its Residential HPwES Program is hereby approved;

(2) That the BYOD Program proposed by Baltimore Gas and Electric Company is hereby approved;

(3) That the partial sunset of the Baltimore Gas and Electric Company PeakRewards A/C Program is hereby approved;

(4) That the sunset of the Baltimore Gas and Electric Company PeakRewards Electric Water Heater Program is hereby approved;

(5) That the proposed revisions to Baltimore Gas and Electric Company’s Rider 15, “Demand Response Service,” is hereby approved;

(6) That the request by the Office of People’s Counsel to implement a fixed pass-through incentive to customers of the HVAC Midstream Program is hereby denied;

(7) That the final plan for the Coordinated Residential New Construction Program as proposed by the Electric and Natural Gas Coordinated Work Group is hereby approved;

(8) That the Electric and Natural Gas Coordination Work Group is directed to consider offering varying incentives for different types of equipment available within the Coordinated Residential New Construction Program, and to file its findings and position on or before April 15, 2020;

(9) That Phase II of the Residential Natural Gas-Electric Coordinated Program as proposed by Washington Gas Light Company is hereby approved;
(10) That the request by the Maryland Energy Efficiency Advocates to require WGL to achieve additional savings through its Residential Natural Gas-Electric Coordinated Program for the 2020 program year is denied;

(11) That the definition of fuel-neutrality as proposed by the Commission’s Technical Staff is hereby approved;

(12) That the Southern Maryland Electric Cooperative, Inc. request for an additional $1,760,036 in additional funds for its Commercial Demand Response Program is hereby approved;

(13) That the three Exelon utilities with CVR Programs are directed to employ Itron to evaluate their respective savings methodologies, provided that the total cost of the evaluations does not exceed $30,000.

(14) That the Limited Income Work Group is directed to continue its efforts towards establishing limited income program savings goals, with any goal proposals presented to the Commission to be accompanied by data on the cost to achieve said goals;

(15) That the Utilities shall include in their next semi-annual report details on the steps that will be taken in furtherance of the goal of increased participation in the limited income programs;

(16) That the Commission’s Technical Staff and the Department of Housing and Community Development are hereby directed to co-lead the Limited Income Work Group;

(17) That the Department of Housing and Community Development is no longer required to seek Limited Income Work Group review or Commission approval for incentive pricing generated through the competitive bidding process;
(18) That the Department of Housing and Community Development is required to submit a filing to the Commission advising of any new incentive pricing resulting from a procurement;

(19) That the Department of Housing and Community Development is no longer required to seek Limited Income Work Group review or Commission approval for local weatherization agencies procured through the competitive bidding process;

(20) That the Department of Housing and Community Development is no longer required to receive Commission approval for changes or updates to its incentive list when a Limited Income Work Group consensus supports such changes;

(21) That the Department of Housing and Community Development request to expand its Maryland Energy Efficiency Tune-Up customer pool to those that have completed Low-Income Energy Efficiency Projects within the past five years is hereby approved;

(22) That the Department of Housing and Community Development request for exceptions to the noted technical requirements for critical medical needs customers is hereby approved as proposed;

(23) That the Utilities and the Department of Housing and Community Development are directed to use the revised mid-year and year-end tables proposed by the Maryland Energy Administration for future reporting;

(24) That the Utilities are not required to report limited income savings associated with their respective behavioral programs;

(25) That the Office of People’s Counsel request to direct the Utilities to report on their progress promoting the BeSmart loan to HPwES customers is hereby denied; and
(26) That all other requests and recommendations as to the modification of reports and reporting are hereby denied.

/s/ Jason M. Stanek

/s/ Michael T. Richard

/s/ Anthony J. O’Donnell

/s/ Odogwu Obi Linton

/s/ Mindy L. Herman

Commissioners