

**ORDER NO. 88593**

IN THE MATTER OF POTOMAC EDISON COMPANY  
D/B/A ALLEGHENY POWER'S ENERGY  
EFFICIENCY, CONSERVATION AND DEMAND  
RESPONSE PROGRAMS PURSUANT TO THE  
EMPOWER MARYLAND ENERGY EFFICIENCY ACT  
OF 2008

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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CASE NO. 9153

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IN THE MATTER OF BALTIMORE GAS AND  
ELECTRIC COMPANY'S ENERGY EFFICIENCY,  
CONSERVATION AND DEMAND RESPONSE  
PROGRAMS PURSUANT TO THE EMPOWER  
MARYLAND ENERGY EFFICIENCY ACT OF 2008

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CASE NO. 9154

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IN THE MATTER OF POTOMAC ELECTRIC POWER  
COMPANY'S ENERGY EFFICIENCY,  
CONSERVATION AND DEMAND RESPONSE  
PROGRAMS PURSUANT TO THE EMPOWER  
MARYLAND ENERGY EFFICIENCY ACT OF 2008

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CASE NO. 9155

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IN THE MATTER OF DELMARVA POWER & LIGHT  
COMPANY'S ENERGY EFFICIENCY,  
CONSERVATION AND DEMAND RESPONSE  
PROGRAMS PURSUANT TO THE EMPOWER  
MARYLAND ENERGY EFFICIENCY ACT OF 2008

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CASE NO. 9156

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IN THE MATTER OF SOUTHERN MARYLAND  
ELECTRIC COOPERATIVE, INC.'S ENERGY  
EFFICIENCY, CONSERVATION AND DEMAND  
RESPONSE PROGRAMS PURSUANT TO THE  
EMPOWER MARYLAND ENERGY EFFICIENCY ACT  
OF 2008

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CASE NO. 9157

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IN THE MATTER OF WASHINGTON GAS LIGHT  
COMPANY'S ENERGY EFFICIENCY,  
CONSERVATION AND DEMAND RESPONSE  
PROGRAMS PURSUANT TO THE EMPOWER  
MARYLAND ENERGY EFFICIENCY ACT OF 2008

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CASE NO. 9362

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**Issue Date: February 27, 2018**

On January 22nd, 2018, Baltimore Gas and Electric (“BGE”), Potomac Electric Power Company (“PEPCO”), and Delmarva Power & Light Company (“Delmarva”) (collectively, “Movants”) filed a joint Request for Clarification, or in the Alternative, Rehearing, in response to Order No. 88514 issued on December 22, 2017 in the above-captioned matters.

Order No. 88514 was issued in relation to the October 25-31, 2017 legislative-style hearing held by the Maryland Public Service Commission (“Commission”) on the semi-annual EmPOWER Maryland reports for the first and second quarters of 2017 as filed by the above-noted utilities, as well as other utilities that did not join in filing the Request. Movants allege that Order No. 88514 contains conflicting or missing guidance, thereby hindering their ability to fully comply with the Order. Specifically, Movants seek clarification of the Order in three respects:

1. Whether the date by which utilities may pay commercial and industrial (C&I) non-Combined Heat and Power (CHP) program customer incentives is December 31, 2021 or June 30, 2021, as the body of the order and the ordering paragraph contain these two differing deadlines for such incentive payments;
2. Whether the new incentive framework for CHP proposed by the Movants for 2018-2020 is approved, since the Commission’s approval is based on the erroneous assumption that the Movants were maintaining the 2015-2017 CHP incentive structure; and
3. Whether the Commission approved the standardized protocol for pre-approval of C&I projects proposed by the utilities at the October 2017 EmPOWER hearings, because although the Commission directed utilities to provide a presentation on this matter, it is not addressed in the order.

Regarding the first matter addressed in the Request, Movants point out that they asked for authorization to pay Commission-approved incentives for all non-CHP C&I project applications pre-approved by BGE before December 31, 2020 and completed no later than December 31, 2021. The Commission's Technical Staff ("Staff") agreed with the proposal. In Order No. 88514, the Commission stated that it concurred with Staff, however; ordering paragraph 9 states that Utilities are authorized to pay incentives for projects completed no later than June 30, 2021. Movants request clarification and note their preference that the modified Order reflect the December 31, 2021 incentive payment deadline.

The Commission notes the clerical error contained in ordering paragraph 9 in Order No. 88514, and hereby clarifies that the corrected ordering paragraph 9 shall heretofore read as follows:

(9) That the Utilities are directed to pay Commission-approved incentives for all non-CHP C&I project applications pre-approved by the Utilities before December 31, 2020 and completed no later than December 31, 2021 using funds from the Commission-approved incentive budget corresponding to the program cycle during which the non-CHP C&I project application was pre-approved

The second matter addressed in Movants' Request pertains to CHP incentive structure. Movants note that, under the 2015-2017 EmPOWER cycle, CHP incentives to customers were based on kWhs produced,<sup>1</sup> whereas, in their respective 2018-2020 EmPOWER plans, Movants proposed a different incentive structure, i.e., one that is

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<sup>1</sup> Under the 2015-2017 CHP structure, the design incentive was \$75/kW, the installation incentive was \$275/kW for projects under 250kW and \$175/kW for projects 250kW and over, and the production incentive was \$0.07/kWh for 18 months.

based on the percentage of actual production to planned production.<sup>2</sup> Despite the new incentive structure proposed in Movants' 2018-2020 EmPOWER plans, Order No. 88514 states that "[N]o changes are proposed to the existing production incentive or project incentive cap amounts..." As such, Movants request that the Commission approve the proposed 2018-2020 CHP incentive structure.

The Commission notes that Movants did propose a new CHP incentive structure in their respective 2018-2020 EmPOWER plans, however; the new structure was not addressed in Commission Staff's Comments on the plans. Furthermore, two other utilities that filed proposed 2018-2020 EmPOWER plans, Southern Maryland Electric Cooperative ("SMECO") and The Potomac Edison Company ("PE"), did not join in the filing of the instant Request, but do offer CHP incentives. Given that CHP incentives are standardized statewide under the EmPOWER program, any modifications to a CHP incentive structure would impact all EmPOWER Utilities. For these reasons, the Commission hereby opens this sole issue for comment from Staff, SMECO, and PE prior to rendering a decision. Those parties shall file comments on this issue within 15 days of this Order.

The third issue addressed in Movants' Request deals with the pre-approval process for C&I projects. In short, the Commission previously directed the utilities to develop a standardized protocol for pre-approving C&I energy efficiency projects.<sup>3</sup> The

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<sup>2</sup> Movants proposed the following CHP incentive structure as part of their respective 2018-2020 EmPOWER plans: Design Incentive – 10% incentive at project approval; Commissioning Incentive – 30% incentive at installation and commissioning; Production Incentive – 60% incentive after receiving 12 contiguous months of actual kWh generation received within 24 months of project installation, with payment made based on kWh actual generation versus kWh generation proposed, and payment capped at 60% of total incentive.

<sup>3</sup> In response to energy efficiency contractor feedback, Order No. 88402 specifically directed the utilities to present the protocol at the October 2017 EmPOWER semi-annual hearing.

EmPOWER Utilities presented the protocol at the October 2017 hearing, with the presentation including two slides detailing the proposed protocol. Movants now seek the Commission's express acceptance of the protocol.

The Commission accepts the proposed protocol for pre-approving C&I energy efficiency projects with one exception. The Commission does not approve the provision of the protocol which would allow utilities to request approval for CHP budget increases outside of a semi-annual report,<sup>4</sup> as doing so would contradict direction provided elsewhere in Order No. 88514.<sup>5</sup> The Commission directs all EmPOWER Utilities to implement the remaining provisions of the proposed protocol for pre-approving C&I energy efficiency projects as presented at the October 2017 hearing.

**IT IS THEREFORE**, this 27<sup>th</sup> day of February, in the year Two Thousand and Eighteen, by the Public Service Commission of Maryland,

**ORDERED:** 1) That ordering paragraph 9 in Order No. 88514 is hereby modified to state, "That the Utilities are directed to pay Commission-approved incentives for all non-CHP C&I project applications pre-approved by the Utilities before December 31, 2020 and completed no later than December 31, 2021 using funds from the Commission-approved incentive budget corresponding to the program cycle during which the non-CHP C&I project application was pre-approved";

2) That within 15 days of the issuance of this Order, Commission Technical Staff, SMECO, and PE shall file comments on the issue of whether the EmPOWER Utilities' CHP incentive structure should be converted from being based on kWh

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<sup>4</sup> The final bullet point of the two-page slide presentation at the October 2017 hearing stated, "Utilities may request approval for CHP budget increases outside of a semi-annual report when needed to provide pre-approval of a CHP application whose funding would exceed the approved 3-year budget."

<sup>5</sup> Order No. 88514, pages 10 and 11.

produced to a percentage of actual production to planned production as stated in the proposed 2018-2020 EmPOWER plans; and

3) That the proposed protocol for pre-approving C&I energy efficiency projects is approved as presented at the October 2017 hearing, but for the final provision as detailed herein.

By Direction of the Commission

*/s/ David J. Collins*

David J. Collins  
Executive Secretary