ML 191192

ORDER NO. 87575

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	*	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND CASE NO. 9153
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	*	CASE NO. 9154
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	*	CASE NO. 9155
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	*	CASE NO. 9156
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	*	CASE NO. 9157
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	*	CASE NO. 9362

Issue Date: May 26, 2016

On May 4 – 6, 2016 the Public Service Commission of Maryland ("Commission") held a legislative-style hearing in the above-captioned cases to review the semi-annual EmPOWER Maryland reports 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] and Washington Gas Light Company ("WGL")[6] (collectively, the "Utilities"), as well as the Maryland Department of Housing and Community Development ("DHCD" or the "Department"),[7] for the third and fourth quarters of 2015. The Commission also reviewed the comments as filed by: the Maryland Chapter of Efficiency First ("Efficiency First");[8] Montgomery County;[9] the Maryland Alliance for Fair Competition and the Heating and Air Conditioning Contractors of Maryland, Inc. (the "Alliance");[10] the Maryland Energy Efficiency

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[1] ML#182920: *Potomac Edison's 2015 Semi-Annual EmPOWER Maryland Report for the period of July 1 – December 31* ("PE Report") (Jan. 29, 2016); ML#182906: *Compliance Filing of The Potomac Edison Company* ("PE Compliance Filing") (Jan. 28, 2016).
[2] ML#182966: *BGE's Semi-Annual Report for Third and Fourth Quarters – July 1 through December 31, 2015* ("BGE Report") (February 1, 2016); ML#182965: *Response of Baltimore Gas and Electric Company to Order No. 87285* ("BGE Response") (Feb. 1, 2016); ML#188680: *Joint Utilities' Response to Commission Data Request re: Value LEDs* ("Utilities' Response on Value LEDs") (April 15, 2016).
[3] ML#182974: *Potomac Electric Power Company Semi-Annual EmPOWER Maryland Report* ("Pepco Report") (Feb. 1, 2016); ML#183061: *Pepco's Updated Forecast of Savings* ("Pepco Report Errata") (Feb. 4, 2016).
[4] ML#182975: *Delmarva Power & Light Company Semi-Annual EmPOWER Maryland Report* ("Delmarva Report") (Feb. 1, 2016).
[5] ML#182937: *Southern Maryland Electric Cooperative, Inc.'s Q3/Q4 2015 Semi-Annual EmPOWER Maryland Report* ("SMECO Report") (Jan. 29, 2016); ML#174512: *Southern Maryland Electric Cooperative, Inc.'s Q1/Q2 2015 Semi-Annual EmPOWER Maryland Report Errata* ("SMECO Report Errata") (Sept. 11, 2015).
[6] ML#183107: *Washington Gas Semi-Annual EmPOWER Maryland Report for the period of July 1 – December 31, 2015* ("WGL Report") (Feb. 8, 2016).
[7] ML#182972: *Maryland Department of Housing & Community Development's Q3/Q4 Semi-Annual EmPOWER Maryland Report* ("DHCD Report") (Feb. 1, 2016); ML#182947: *Pepco and PE alternate funding status report* ("DHCD Progress Report") (Feb. 1, 2016).
[8] ML#188280: *Comments on 2nd Half 2015* ("Efficiency First Comments") (April 12, 2016).
[9] ML#188578: *Comments of Montgomery County, Maryland* (April 15, 2016).
[10] ML#188681: *Comments of the Maryland Alliance for Fair Competition* ("Alliance Comments") (April 15, 2016).

Advocates ("MD EE Advocates");[11] the Office of People's Counsel ("OPC");[12] the Maryland Energy Administration ("MEA");[13] and Technical Staff.[14]

The parties' reports and comments included requests for program modifications and budget adjustments, as well as recommendations pertaining to programmatic improvements. We note that the Maryland Energy Administration provided its views on the EmPOWER program, and we look forward to working with the Administration on the State's energy efficiency and demand response programs. In this Order, we address these requests and direct certain parties to undertake next steps as detailed below. We direct the Utilities and DHCD to effectively and aggressively execute the programs associated with the additional funding approved herein, and we direct the Utilities to make related compliance filings, including tariff pages and surcharge provisions, consistent with this Order.

I. 2015 EmPOWER Energy Efficiency and Demand Reduction Targets

In 2008, faced with dramatic rate increases due to the removal of price caps

[11] ML#188675: *The Maryland Energy Efficiency Advocates' Comments on the EmPOWER Maryland Semi-Annual Reports and Requested Changes to the 2015 – 2017 EmPOWER Maryland Plans* ("MD EE Advocates Comments") (April 15, 2016); ML#189933: *Response to Comments filed by the Maryland Energy Administration* ("NRDC Response") (May 2, 2016); ML#188604: *Comments of the MD EE Advocates on the EmPOWER Maryland Limited Income Work Group Report* ("MD EE Advocates Comments on LIWG Report") (April 15, 2016); ML#188667: *Comments of the MD EE Advocates on the Natural Gas Efficiency Goals Reports of the Natural Gas-Electric Efficiency Coordination Work Group* ("MD EE Advocates Comments on NGWG Report") (April 15, 2016).

[12] ML#188590: *Office of People's Counsel EmPOWER Maryland 2015 Q3-Q4 Semi-Annual Review Report* ("OPC Comments") (April 15, 2016).

[13] ML#188606: *Maryland Energy Administration Comments on EmPOWER Maryland Semi-Annual Reports* ("MEA Comments") (April 15, 2016); ML#189973: *Maryland Energy Administration Response to a letter filed by the Natural Resources Defense Council* ("MEA Response") (May 3, 2016).

[14] ML#188599: *Comments of the Public Service Commission Staff – 2015 Semi-Annual EmPOWER Maryland Programmatic Report for the Third and Fourth Quarters* ("Staff Comments") (April 15, 2016); ML#188474: *Summary Report on the Directives from Commission Order No. 87285* ("Staff Summary Report") (April 13, 2016); ML#188875: *EmPOWER Energy Efficiency Program Impact Evaluation Guidance* ("EM&V Guidance Document") (April 19, 2016); ML#182985: *Limited-Income Work Group Summary Report* ("LIWG Report") (Feb. 1, 2016); ML#182981: *Natural Gas Efficiency Goals* ("NGWG Report") (Feb. 1, 2016).

established at the time of deregulation, as well as PJM projections of rolling blackouts in the State by 2011 due to generation shortages and reliability problems, the Maryland General Assembly passed legislation to meet specific energy efficiency, conservation, and demand response targets by the end of 2015, culminating in the EmPOWER Maryland Energy Efficiency Act of 2008.[15] To achieve these specific targets, the electric companies were charged with implementing cost-effective energy efficiency and conservation programs with projected and verifiable electricity savings designed to achieve a targeted reduction of at least 10% by the end of 2015 in per capita electricity consumed in the electric company's service territory.[16] The electric companies were further directed to implement cost-effective demand response programs designed to achieve by the end of 2015 a targeted reduction of at least 15% of per capita peak demand of electricity consumed in the electric company's service territory during 2007.[17]

At our May 4 – 6, 2016 semi-annual hearings, we reviewed the Utilities' reported achievements during the third and fourth quarters of 2015, which provided the remaining data necessary to assess whether the 2015 targets outlined in the EmPOWER Act of 2008 had been reached. The results indicate that program-to-date the Utilities' EmPOWER Maryland programs have saved a total of 5,394,086 MWh and 2,117 MW.[18] Overall, the Utilities essentially achieved the statewide goals established by the EmPOWER Maryland Act of 2008, as depicted below.

[15] Public Utilities Article ("PUA") § 7-211.
[16] PUA § 7-211(g)(1).
[17] PUA § 7-211(g)(2).
[18] Staff Comments at 8.

		Coincident Demand Reduction (MW)	Energy Reduction (MWh)
BGE	Goal	1,267.000	3,593,750
	Reported	1,155.949	2,638,975
	% Achieved	91%	73%
DPL	Goal	18.000	143,453
	Reported	146.701	382,605
	% Achieved	815%	267%
PE	Goal	21.000	415,228
	Reported	82.344	529,519
	% Achieved	392%	128%
Pepco	Goal	672.000	1,239,108
	Reported	639.550	1,600,813
	% Achieved	95%	129%
SMECO	Goal	139.000	83,870
	Reported	92.437	242,174
	% Achieved	67%	289%
Total	**Goal**	**2,117.000**	**5,475,409**
	Reported	**2,116.980**	**5,394,086**
	% Achieved	**100%**	**99%**

Therefore, having collectively achieved 99% of the EmPOWER 2015 energy savings goal and 100% of the EmPOWER 2015 demand reduction goal, the Utilities are well-positioned to transition into the new energy efficiency goal structure established by the Commission on July 16, 2015 in Order No. 87082 pursuant to PUA § 7-211.[19]

We recognize the success of the EmPOWER program and its value in helping ratepayers by lowering energy consumption, shaving peak demand, and reducing energy prices, all while supporting job creation and improving our environment. We also acknowledge the need to balance these program benefits with the impact on ratepayers of

[19] This table only includes energy and demand savings from energy efficiency and conservation and demand response programs. The Commission will allow additional verified savings resulting from the Consumer Investment Fund programs to be counted toward the goals.

the EmPOWER bill surcharge.[20] Thus, although we will always thoroughly review new budget requests in light of the facts presented, we believe that the Utilities' program budgets, as modified today, are sufficient to achieve the program's goals for the remainder of the 2015 – 2017 program cycle. Furthermore, we expect that the Utilities and DHCD will continue to work to find additional program efficiencies, which would result in either increased program benefits or reduced ratepayer bills. We also expect that the use of rebates and other customer incentives will be reduced as the market in some key areas has matured, which will provide additional ratepayer relief.

II. Residential Electric Energy Efficiency and Conservation Programs

Residential Appliance Rebate Program

As noted by Staff, the Appliance Rebate Program has served as an integral part of the Utilities' residential energy efficiency and conservation ("EE&C") portfolios since the inception of EmPOWER.[21] The Program, however, has experienced a decline in performance during recent periods, likely due to the increasing Consortium for Energy Efficiency standards (which in turn raises the appliance efficiency baseline and decreases the models eligible for rebates through EmPOWER).[22] Given that the Program lags behind its 2015 – 2017 program cycle forecasts across all of the Utilities and in each of its reporting metrics, Staff recommended that a work group convene to explore ways to improve the Appliance Rebate Program moving forward.[23]

We concur with Staff that the Residential Appliance Rebate Program could

[20] PUA § 7-211(i)(1)(i) – (iv).
[21] Staff Comments at 14.
[22] *Id.* at 15.
[23] *Id.* at 17.

benefit from discussions at the work group level. Certain program modifications may be warranted, such as revisions to the incentive structure, the addition of new eligible measures, or the extension of seasonal bonuses to other measures. Further, we recognize that the conditions of the market may instead justify a scaling back of this program, given advances in the federal efficiency standards for appliances. Therefore, we direct Staff, on behalf of the Residential Appliance Program Work Group, to file no later than September 15, 2016 a report and any associated recommendations regarding whether and how the Residential Appliance Rebate Program should continue for the remainder of this program cycle.

Residential Behavioral Programs

Each of the EmPOWER Utilities, both electric and natural gas, implement behavior-based programs consisting of home energy reports ("HERs") and online customer engagement tools. These behavioral programs constitute a significant portion of the energy savings realized by the Utilities' residential EE&C portfolios, ranging from 30% (Delmarva) to 65% (WGL).[24] Given the cost-effectiveness and success of the Utilities' behavioral programs, we concur with Staff's recommendation that we approve PE's request to expand its Residential Behavioral Program offering to include an additional 15,000 participants.[25] While this program expansion requires a budget adjustment to PE's Residential Behavioral Program in the amount of $770,365, it is at least partially offset by a budget decrease to seven other residential programs in the

[24] OPC Comments at 75.
[25] PE Compliance Filing at 3.

amount of $131,051 (to reflect the reallocation of common costs).[26] Our approval of the requested budget adjustment to PE's Residential Behavioral Program is projected to achieve an incremental 3,517 MWh of energy savings during 2017, which represents approximately one-third of the incremental energy savings required during 2017 in order for the Company to comply with Order No. 87285.[27]

Given the reliance by the Utilities on Residential Behavioral Programs, we concur with OPC that the stakeholders and the Utilities should remain engaged in improving the effectiveness of these programs moving forward. Therefore, we direct Staff, on behalf of the EmPOWER Reporting and Process Improvement ("ERPI") Work Group, to file a report assessing several of the recommendations offered by OPC in its comments pertaining to the Residential Behavioral Programs.[28] Specifically, the ERPI Work Group is directed to analyze and compare the savings and participation rates for households receiving paper HERs to the savings and participation rates for households receiving HERs by email or through web-based platforms. The ERPI Work Group should also discuss whether it is appropriate to require uniform reporting of "participation lift" across all of the Utilities, and if so, the appropriate format and frequency of this additional reporting. Staff is directed to file the ERPI Work Group's assessment of the aforementioned topics by September 15, 2016 if possible, but no later than April 10, 2017. The tasks described above, which are presented for the ERPI Work Group's

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[26] *Id.* The budget decrease is comprised of the following residential programmatic adjustments: -$15,764, Residential Lighting; -$15,775, Appliance Rebates; -$12,951, Appliance Recycling; -$38,613, QHEC; -$25,028, HPwES; -$6,794, Residential New Construction; and -$16,126, HVAC. These decreases affect the administrative, outside services, and EM&V cost categories, and do not affect the customer incentive budgets approved for the aforementioned programs; thus, no revision to the forecasted savings and participation goals of these programs is warranted or approved. *Id.* at Attachment A-1 – A-3.

[27] *Id.* at 1-3.

[28] *See* OPC Comments at 70-75.

consideration, are intended to bolster the effectiveness and persistence of savings associated with the suite of Residential Behavioral Programs implemented across the Utilities.

Residential QHEC and HPwES Programs

Currently, the Utilities offer a range of eligible measures as part of the two direct install programs included in the residential EE&C portfolio. As part of the Quick Home Energy Check-up ("QHEC") and the Home Performance with Energy Star ("HPwES") program offerings, contractors can recommend to residential participants the installation of an electric water heater tank wrap measure. The Utilities report, however, that the measure is infrequently recommended or accepted in light of new manufacturing standards that have rendered the measure unnecessary for newer electric water heaters. Thus, the Utilities request, and Staff recommends, that the Commission approve the removal of the electric water heater tank wrap measure from the QHEC and HPwES Programs.[29] We concur with Staff's recommendation and approve the Utilities' request to remove the electric water heater tank wrap as an eligible measure from the direct install programs so that the Utilities may instead refocus their efforts on encouraging the installation of other effective energy efficiency measures through the QHEC and HPwES Programs.

Residential Natural Gas Conversion Pilot (BGE)

In Order No. 86366, issued on May 24, 2014, BGE received initial approval of its Residential Natural Gas Conversion Pilot. Since its inception, and through December 31, 2015, the Company reports that approximately 1,100 customers have enrolled in the

[29] Staff Comments at 124.

Pilot, resulting in the installation of 500 gas meters and 307 efficient natural gas appliances.[30] BGE reported that an analysis of the Pilot was recently concluded by its evaluation, measurement, and verification ("EM&V") contractor, with preliminary results indicating a realization rate of close to 1.[31] Based on these results, as well as reported annual bill savings realized by program participants, BGE has requested a transition from the pilot phase of the Residential Natural Gas Conversion offering into a fully operable program through the remainder of the 2015 – 2017 program cycle.

We have previously authorized several extensions of this Pilot, currently approved through June 30, 2016, for the purpose of gathering sufficient data on which to base a program evaluation, without requiring BGE to interrupt customer enrollments during consideration of the results. We note, however, that the first opportunity during which a complete set of results was presented for our consideration was during the Company's presentation at our May 5, 2016 semi-annual hearing. While the results showed a quantification of avoided greenhouse gas emissions per year and the annual customer bill savings, we note that BGE's May 5th live presentation of the results may not have afforded stakeholders sufficient time to analyze the findings and resolve previously-articulated concerns. Specifically, we observe that in written comments filed prior to the semi-annual hearings, OPC continued to express reservations about the appropriateness of this Pilot, especially with respect to whether the Pilot promotes cost effective energy solutions from a total energy perspective.[32] Therefore, we deny, without prejudice, the Company's request to transition from a pilot into a fully operable

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[30] BGE Report at 31-32.
[31] *Id.* at 33.
[32] OPC Comments at 80.

Residential Natural Gas Conversion Program at this time. We direct BGE to conclude the Pilot no later than June 30, 2016 and to file a report no later than September 15, 2016 that details a comprehensive review of the Pilot's results, including responses to the concerns outlined in OPC's comments, as well as opportunities for potential cost reductions associated with this program's implementation in the future, should we choose at a later date to revisit our decision rendered in this Order.

Residential New Construction Programs

The Utilities have generally realized steady increases in energy savings attributable to the Residential New Construction Program since its initial launch in 2010.[33] As Staff notes, however, participation fell during the second half of 2015 for this Program in four of the service territories, likely attributable to the fact that many home builders have voluntarily elected to adopt the Energy Star Version 3.1 specification ahead of schedule.[34] Similar to the Residential Appliance Rebate Program, increases to the federal energy efficiency standards for new construction projects results in fewer qualifying projects through EmPOWER. Thus, a review of the Residential New Construction Program in the context of increasing federal standards is appropriate to ensure continued positive programmatic outcomes moving forward. This review can be done in conjunction with the consideration of certain program-specific recommendations made by our stakeholders, such as the suggestion by OPC that the Utilities should jointly develop Residential New Construction Programs that address both gas and electric savings opportunities.[35] Therefore, we direct Staff to convene stakeholders from various

[33] Staff Comments at 135.
[34] *Id.*
[35] OPC Comments at 8-9.

work groups, such as members of the New Programs Work Group and members of the Natural Gas – Electric Coordination Work Group, to discuss potential future program cycle modifications to the Residential New Construction Program. Staff is directed to file a report summarizing these discussions and any related recommendations no later than April 10, 2017.

Value LEDs as an Eligible Measure

Residential Lighting Programs have traditionally comprised a large percentage of the Utilities' reported residential portfolio energy savings. Given this focus, stakeholders such as OPC have remarked that the Utilities should begin planning now for a near-term transition to an all-LED lighting program so as to avoid any future cliffs in the achievability of cost-effective energy savings.[36] Some discussions have also transpired as to whether a gradual ramp-down of the entire Residential Lighting Program is warranted.[37] In the interim, the Utilities have proposed adding Value LED lighting products – generally defined as those LEDs that are omni-directional and rated to have ≥ 10,000 hours life[38] – as eligible measures in the Residential Lighting, QHEC, and HPwES Programs,[39] which the Utilities acknowledge is a first-step toward the phasing out of CFLs.[40]

Both Staff and OPC, however, have expressed reservations about the Utilities' proposal, related primarily to concerns such as adequate product testing, customer

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[36] OPC Comments at 10.
[37] May 4, 2016 Tr. at 89-93.
[38] Besides the defined lifetime, Value LEDs differ from the new Energy Star 2.0 LEDs in two other metrics: efficacy and power factor. Value LEDs require an efficacy of 70 and a 0.5 power factor. *See* ML#182912: *Joint Utilities' Request to Add Value LED Lighting to EmPOWER Portfolios* (Jan. 28, 2016) at 2.
[39] *Id.*
[40] May 4, 2016 Tr. at 44.

confusion regarding the (lack of) Energy Star branding on Value LEDs, and potential impacts on net savings, free ridership, and spillover.[41] In response, the Utilities confirm that the Value LEDs proposed for inclusion as eligible measures in EmPOWER will be required to undergo the same LM-79 and LM-80 testing as required by EPA for Energy Star bulbs.[42] Further, the Utilities note that the inclusion of Value LEDs is likely a temporary, albeit time-sensitive, proposal rendered necessary by the prevalence of "low value LED" alternatives that offer attractive price points for consumers, albeit subject to significantly reduced quality and efficiency standards.[43]

After considering the extensive comments, testimony, and presentations offered on this topic, we are persuaded that Value LEDs should be approved as eligible measures in the Residential Lighting, QHEC, and HPwES Programs. Given the rapidly evolving nature of the lighting market, however, we approve the inclusion of Value LEDs through the remainder of this program cycle only; indeed, the Utilities are encouraged to discontinue reliance on non-Energy Star-rated Value LED lighting products sooner if the price points for the Energy Star 2.0 LEDs render those bulbs price-competitive with the low value LEDs prior to the conclusion of the 2015 – 2017 program cycle. Implicit in this approval is our acceptance of the Utilities' general position that CFLs should be phased out of the Residential Lighting and direct install programs in the near-term,[44] which we direct the Utilities to effectuate no later than January 1, 2017 (when the revised

[41] OPC Comments at 10; Staff Comments at 13-14.
[42] Utilities' Response on Value LEDs at 3.
[43] May 4, 2016 Tr. at 55-56.
[44] Utilities' Response on Value LEDs at 8.

Energy Star 2.0 LED lighting standard becomes effective).[45] Further, given that LED products satisfying the specifications of the revised Energy Star 2.0 lighting standard are expected to be available on store shelves by mid-summer 2016,[46] we authorize the Utilities to include the LED bulbs that will satisfy the revised Energy Star 2.0 standard as eligible measures in the Residential Lighting and direct install programs immediately.

Lastly, we direct the Utilities to file within 45 days a revised incentive structure for residential lighting products to reflect our aforementioned decisions with respect to eligible measures. The Utilities are directed to include in this filing information pertaining to the expected price points of the range of incented bulbs, as well as low value LEDs and halogen bulbs. As described in their initial filing, we note that the Utilities' request does not require a budget increase, and may even present opportunities for cost savings moving forward.[47] In this vein of budget neutrality, we direct the Utilities to include in their filing an exchange rate for the number of LEDs that can be included in the direct install programs in lieu of the currently-authorized offering of 12 CFLs and 1 LED lighting product, at no net increase to the cost of the direct install program options. Given that it will likely be based on the informed decision of the contractor as to whether to install a Value LED or Energy Star 2.0 LED as part of a QHEC or HPwES audit, the Utilities are further directed to develop training guidelines for contractors that include a customer education component regarding the differences in

[45] We note that at our semi-annual hearings, the PHI Companies remarked that the addition of Value LEDs as an eligible measure provides a viable alternative to continue their partnerships with food banks once CFLs are phased out, which is a current component of their Residential Lighting Programs. *See* May 4, 2016 Tr. at 84. We concur with this assessment and encourage all of the Utilities to investigate similar partnerships with food banks so as to further expand access to the EmPOWER programs.
[46] Utilities' Response on Value LEDs at 1.
[47] May 4, 2016 Tr. at 62-64.

the installed LED lighting products.

III. Commercial & Industrial Energy Efficiency and Conservation Programs

C&I Customer Incentives, Generally

As part of its response to Order No. 87285, in which we directed the Utilities to file plans projected to achieve the 0.2% ramp-up in electric energy efficiency savings required in 2017, BGE requested approval for the ability to reallocate previously-approved incentive funds between programs within the same sub-portfolio without having to first wait for a decision from the Commission.[48] The Company asserts that this added flexibility will provide an opportunity to best manage the demand of customers and to meet the post-2015 energy efficiency goals in a timely fashion in response to rapidly changing market and program conditions.[49] Staff supports BGE's request for added flexibility, and in turn recommends that we extend this option to all of the electric and natural gas EmPOWER Utilities.[50] The MD EE Advocates, however, expressed reservations about the requested flexibility, asserting that the authority to alter the composition of the approved sub-portfolio initiatives is a policy decision best left to the Commission.[51]

While we share the concern raised by the MD EE Advocates – especially as it relates to balancing a sub-portfolio between short- and long-term measures – we also recognize that regulatory delay may hamper the Utilities' ability to achieve some of the energy savings potential in the most cost-effective manner possible. Delays become

[48] BGE Response at 3.
[49] *Id.*
[50] Staff Comments at 125.
[51] MD EE Advocates Comments at 5.

especially problematic with respect to the C&I sub-portfolio programs, for which demand waxes and wanes and is tied frequently to rapidly changing market conditions. Thus, we concur in part with Staff's recommendation and grant the requested flexibility to all Utilities,[52] subject to the following conditions. *First*, the Utilities may reallocate previously-approved incentive funds between programs within their C&I sub-portfolios only. *Second*, the Utilities are directed to provide Staff with appropriate notice (at least 10 business days in advance) of the proposed reallocation using the approved budget adjustment templates. If Staff objects to the proposed reallocation, then Staff is directed to notify the applicable utility and the Commission before the expiration of the 10 business days, triggering the normal Commission budget review process. *Third*, in the event that Staff does not object to the proposed reallocation within 10 business days and the proposal becomes effective, the Utilities are directed to reflect the associated revised forecasts and metrics in their subsequent quarterly and semi-annual reports. With these parameters established, we are confident that an appropriate balance can be maintained between the need for flexibility and the requirement for accountability moving forward.

While we believe that the additional flexibility approved above is warranted and will assist greatly with a more efficient deployment of C&I programs in the future, we also recognize that two additional components related to C&I customer incentives generally may need to be addressed based on feedback from the Utilities and participating contractors during our semi-annual hearings. Specifically, PE requested during its May 5th presentation that we reconsider our long-standing policy of

[52] Note that this approved flexibility to reallocate previously-approved incentive funding to other programs within the same sub-portfolio is limited to the C&I sub-portfolios of BGE, DPL, Pepco, PE, SMECO, and WGL.

standardization, while several contractors testified to lack of payment stemming from the availability of funding for C&I projects deemed pre-approved by the Utilities.

With respect to PE's request, we are persuaded to deviate somewhat from our policy of standardization for C&I customer incentives across the service territories, and now extend to all Utilities the flexibility to describe and award C&I customer incentives in "up to $X amounts" (as opposed to prescribed uniform amounts). PE asserted during its May 5th presentation that granting this type of flexibility may provide opportunities for cost savings during program implementation, and that the Company has realized success in utilizing "up to $X amount" rebate structures in other jurisdictions.[53] Therefore, we authorize the Utilities to transition to an incentive structure in their C&I portfolios in which the standardized incentive levels are treated as "up to $X amounts," rather than as prescribed rebate values.[54] Should the Utilities opt to exercise this additional flexibility, sufficient notice must be provided to all participating C&I contractors and marketing materials must be revised to reflect clearly the new incentive structures. Further, our decision today does not alter other aspects of our previous requirement for standardization, when practicable, across the utility service territories. For example, the Utilities must still convene with stakeholders regarding overarching incentive structure changes, and proposed modifications to what are now the maximum available incentive amounts in each C&I program must still be proposed through joint utility filings. We

[53] May 5, 2016 Tr. at 318 – 322.

[54] We note that the Utilities are currently afforded flexibility to adjust C&I customer incentive values by +/- 10% without first seeking Commission approval. *See* May 5, 2016 Tr. at 390. The flexibility policy established herein is intended to supplement and supplant in part the existing policy, so that the Utilities are now permitted the flexibility to offer customer incentives in "up to $x" amounts (thereby granting them greater than 10% flexibility to *decrease* incentive values), while the Utilities still retain the flexibility to *increase* C&I customer incentives by up to 10% without first seeking Commission approval.

find that this compromise strikes an appropriate balance between providing Utilities with the needed flexibility to support opportunities for cost savings, while also preserving an overall standardized incentive structure across the service territories in order to minimize customer confusion and to encourage statewide contractor participation.

We recognize, however, that more can and should be done to encourage and engage participating contractors, and further to assure that customers and contractors alike do not encounter negative experiences while participating in the EmPOWER programs. It is apparent to us, based on participating contractor feedback at the most recent semi-annual hearings, that the Utilities and stakeholders should convene to discuss issues stemming from the availability of funding (or lack thereof) for projects deemed "pre-approved" by the Utilities. While the Utilities described almost a "perfect storm" of events that contributed to these recent complaints surrounding pre-approved projects,[55] steps must be taken to avoid a repeat of this situation in the future. One immediate action that we can take is to rectify any unintended consequences of a prior Commission decision; in Order No. 87285, we authorized the Utilities to pay Commission-approved incentives for all non-CHP C&I project applications pre-approved by the Utilities before December 31, 2017 and completed no later than June 30, 2018.[56] While we reaffirm this decision, we clarify that it was intended to ensure a smooth transition between program cycles and not to shift programmatic costs to future cycles; therefore, the Utilities are directed to draw from the Commission-approved incentive budget for the program cycle

[55] *See, e.g.* May 5, 2016 Tr. at 384-385.
[56] Order No. 87285 (Dec. 8, 2015) at 20.

during which the non-CHP C&I project application was pre-approved.[57] Beyond offering this clarification of our prior decision, we also direct the Utilities, on behalf of the ERPI Work Group, to file no later than April 10, 2017 a report clearly articulating a standardized policy for treatment of pre-approved C&I projects.[58]

BGE C&I Budget Adjustment Requests

BGE submitted three budget adjustment requests for the Commission's consideration, all of which affect the Company's C&I sub-portfolio. Two of the budget adjustment requests target increases to the customer incentive budget of BGE's C&I Prescriptive Program, which exceeded all of its forecasts for 2015.[59] The Company notes that a higher-than-forecasted number of participants, as well as larger project sizes, resulted in the Prescriptive Program realizing 391% of its 2015 participant forecast and 214% of its 2015 energy savings forecast.[60] Further, BGE notes that a portion of the budget request is necessary to fund projects pre-approved in 2015.[61] Staff recommends approval of BGE's budget adjustment pertaining to its C&I Prescriptive Program,[62] and observes that the budget increases are projected to achieve an incremental 4,121 participants, 57,417 MWh of energy savings, and 15.241 MW of demand savings.[63] Therefore, given the overwhelming customer demand for this Program, as well as the potential for significant additional cost-effective energy and demand savings attributable

[57] In other words, non-CHP C&I projects pre-approved during the 2015 – 2017 program cycle, but completed sometime between January 1 and June 30, 2018, shall be incented using the Commission-approved 2015 – 2017 program cycle budgets for those C&I programs.
[58] The Work Group should consider, at a minimum, questions such as: does "pre-approval" require an earmarking of incentive funds? Does the pre-approval have any limitations or expiration date?
[59] Staff Comments at 87.
[60] BGE Report at 74.
[61] *Id.*
[62] Staff Comments at 89.
[63] *Id.* at 88.

to the increased funding, we approve BGE's requested budget increase of $18,000,000 to fund its C&I Prescriptive Program through the remainder of the 2015 – 2017 program cycle. We further approve BGE's request to reallocate $8,000,000 from its unused customer incentive budgets of the CHP and Midstream Lighting Programs to its C&I Prescriptive Program for purposes of offsetting a portion of the funding needed to reconcile the backlogged pre-approved projects.[64]

The third budget adjustment requested by BGE pertains to its Small Business Energy Advance ("SBEA") on-bill financing option offered through its C&I Small Business Program. The SBEA was initially piloted using $2.5 million of customer investment funds sourced from the 2012 Exelon-Constellation merger.[65] BGE reports that the SBEA projects to-date have provided almost $1.67 million in advances for 651 customer projects; thus far, the Company has collected approximately 40% of these disbursements in customer repayments.[66] Although customers are submitting repayments of the advances offered by this Program at the prescribed rate, the lag time between disbursement and customer repayment will require BGE to interrupt the Program's implementation unless the requested budget adjustment is approved.[67] Given the demonstrated success of the SBEA in driving deeper energy savings per project, as well as our continued encouragement of on-bill and other energy efficiency financing options, we approve BGE's request for a budget increase of $1,085,000 for its SBEA Program through the remainder of the 2015 – 2017 program cycle.

[64] *See* ML#190502: *BGE's Presentation used at the May 5, 2016 EmPOWER Semi-annual Hearing* (May 9, 2016) at slide 20. We note that this funding reallocation does not translate into a net budget impact to the Company's C&I portfolio.
[65] BGE Report at 75.
[66] *Id.* at 76.
[67] *Id.* at 77.

DPL C&I Budget Adjustment and Program Modification Requests

DPL submitted eleven budget adjustment requests for the Commission's consideration, all of which affect the Company's C&I sub-portfolio. Several of the budget adjustment requests overlap the same underlying program, which is a function of the tiered classification structure employed by both DPL and Pepco as part of their semi-annual reports. The PHI Companies have classified their budget adjustment requests into three tiers based on: the immediate funding needs of the program; the program's projected contribution toward the 0.2% ramp-up in energy savings required in 2017; and the projected cost effective projects in each program's pipeline.[68] While the MD EE Advocates recommended approval of all three tiers of funding requests,[69] Staff recommended that we deny the DPL's Tier 3 budget adjustment requests, which DPL notes are needed to meet customer demand only.[70]

While we acknowledge that approval of all, or the majority of, the Company's three tiers of funding requests (in line with the MD EE Advocates' recommendation) would constitute a sizeable energy efficiency investment and associated C&I customer surcharge impact, we note several mitigating factors applicable to our decision rendered herein with respect to the magnitude of DPL's budget adjustment requests. *First,* DPL invested approximately $48 million in its C&I portfolio during the 2012 – 2014 program cycle,[71] while its approved 2015 – 2017 program cycle proposal included initial

[68] Staff Comments at 90.
[69] MD EE Advocates Comments at 3.
[70] Staff Comments at 90 and 103.
[71] ML#133970: *Delmarva Power & Light Company EmPOWER Maryland 2012-2014 Plan* (Sept. 1, 2011).

investments in its C&I portfolio totaling less than $21 million.[72] In consideration of both DPL's and Pepco's 2015 – 2017 program cycle proposals, Staff and other stakeholders urged the PHI Companies to re-file their forecasts to at least reflect historic programmatic performance.[73] The PHI Companies declined Staff's 2014 request, however, both DPL and Pepco acknowledge now that their current program cycle proposals were front-loaded with targeted savings occurring largely in 2015, resulting in some of the more pressing immediate funding needs such as those identified in Tier 1 to ensure the payment of customer incentives for pre-approved C&I projects.[74]

Second, the customer demand driving all three tiers of DPL's additional funding requests, coupled with the demonstrable healthy pipelines of projects for the associated programs, should not be ignored; although, these factors must be balanced against projected surcharge increases. On this matter, however, DPL can offset a large portion of these requested budget increases by directing an estimated $8.166 million of customer investment funds derived from the Exelon – PHI merger toward the Tier 2 or Tier 3 budget adjustment requests.[75] While an additional hearing is warranted so that all parties may provide input on this proposal prior to its finalization, DPL confirmed that the application of the merger funds to offset at least a portion of any approved EmPOWER budget increases could occur retroactively provided that a decision is rendered prior to the filing of DPL's surcharge updates in late 2016.[76] Given that at least 20% of the

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[72] ML#158119: *Delmarva Power & Light Company EmPOWER Maryland 2015-2017 Plan* (Sept. 2, 2014); ML#158333: *Delmarva Power & Light Company EmPOWER Maryland 2015- 2017 Plan Errata* (Sept. 5, 2014).
[73] ML#159240: *Combined 2014 First Half Semi-Annual & 2015 – 2017 Planning Cycle Staff Comments* (Oct 3, 2014).
[74] May 5, 2016 Tr. at 383.
[75] *See* ML#189969: *Case No. 9361 Condition 3C* (May 3, 2016) at 2.
[76] May 5, 2016 Tr. at 398-402.

merger funds earmarked to support incremental energy efficiency investments in the DPL service territory are dedicated to targeting affordable multifamily housing and limited-income customers, there is the potential that additional funds beyond the $8.166 million referenced above could be directed toward offsetting DPL's requested budget increases for its Multifamily Prescriptive and Multi-Dwelling QHEC programs.

Therefore, given the reasoning above, the need to ensure that DPL is well-positioned to ramp-up its programs in 2017 and beyond, and the projected realization of an incremental 76,431 MWh of energy savings, we issue the following decisions on DPL's requested budgeted adjustments:

Portfolio	Program	Budget Adjustment	Incremental Energy Savings (MWh)	Commission Decision
C&I Tier 1	Prescriptive	$76,174	64	Approve
	Commercial New Construction	$204,183	459	Approve
	CHP	$1,400,333	6,558	Approve
C&I Tier 2	Prescriptive	$4,771,638	20,399	Approve
	Commercial New Construction	$971,333	5,343	Approve
	CHP	$4,136,375	27,794	Approve
	Custom	$2,180,588	4,750	Approve
	Multi-Dwelling QHEC	$517,282	1,583	Approve
	Small Business	$9,759,362	9,466	Approve
C&I Tier 3	Multifamily Prescriptive	$518,756	15	Approve
	Retrocommissioning	$1,552,982	291	**Deny**

While these approved budget adjustments total over $24.5 million, we expect that this impact will be offset by at least $8.166 million derived from merger funds prior to inclusion of the budget increases in the EmPOWER surcharge effective during calendar year 2017.

Lastly, we approve DPL's requested programmatic enhancement to its Multi-Dwelling QHEC Program so that the Company may include master-metered customers in its program offerings. As noted by Staff, Pepco already includes master-metered customers as eligible participants in its comparable program, and thus our approval of DPL's requested program modification further aligns the two PHI Companies' program offerings and supports the extension of EmPOWER benefits to this traditionally under-served population of master-metered customers.[77]

Pepco C&I Budget Adjustment Requests

Pepco submitted ten budget adjustment requests for the Commission's consideration, all of which affect the Company's C&I sub-portfolio. Although Pepco's budget adjustments targeted different programs than those submitted by DPL and are scaled differently, the two PHI Companies offered otherwise identical proposals invoking the tiered-based system commensurate to the needs of the respective program. As with the DPL budget adjustment requests, the MD EE Advocates recommended approval of all three tiers of funding requests,[78] while Staff recommended that we deny Pepco's Tier 3 budget adjustment request, which the Company notes is needed to meet customer demand only.[79]

Also similar to the DPL budget adjustment requests, several comparable factors exist to justify the sizeable energy efficiency investment in the Pepco C&I portfolio of programs that would result from an approval of many of Pepco's budget adjustment requests. Most notably, a similar comparison exists with respect to the level of investment in Pepco's C&I portfolio during the previous and current program cycles. Pepco invested approximately $140 million in its C&I portfolio during the 2012 – 2014

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[77] Staff Comments at 125.
[78] MD EE Advocates Comments at 3.
[79] Staff Comments at 121.

program cycle,[80] while its approved 2015 – 2017 program cycle proposal included initial investments in its C&I portfolio totaling approximately $107 million.[81] Thus, the PHI Companies' decision to front-load Pepco's 2015 – 2017 program cycle proposal has resulted in similar immediate budgetary needs as those described in conjunction with DPL's C&I portfolio.

Further, the customer demand for these programs is similarly driving all three tiers of Pepco's additional funding requests, coupled with demonstrably healthy pipelines of projects for the associated programs. There is, however, one notable distinction between the mitigating factors we considered in conjunction with DPL's budget adjustment requests and those at issue for Pepco: there is no comparable funding available to Pepco stemming from the Exelon – PHI merger with which to offset at least a portion of these requested budget increases. Thus, additional scrutiny is warranted to ensure the appropriateness of the budget increases in light of projected surcharge impacts.

In light of these circumstances, we find that it is appropriate to deviate from certain aspects of Pepco's proposal, as well as our Staff's recommendation. *First*, we deny Pepco's Tier 2 funding request for its CHP Program, and instead encourage the Company to collaborate with the Maryland Energy Administration or other outside funding sources to incent the further development of these cost-effective CHP projects in its service territory during the remainder of this program cycle.[82] *Second*, we reduce the

[80] ML#133969: *Potomac Electric Power Company EmPOWER Maryland 2012-2014 Plan* (Sept. 1, 2011).
[81] ML# 158117: *Potomac Electric Power Company EmPOWER Maryland 2015-2017 Plan* (Sept. 2, 2014); ML#158332: *Potomac Electric Power Company 2015-2017 EmPOWER Maryland Plan Errata* (Sept. 5, 2014).
[82] We note that the concept of additional funding sources for CHP projects was preliminarily identified in the Summary Report on the Directives from Commission Order No. 87285 filed by Staff on behalf of the work group on April 13, 2016. *See* Staff Summary Report at 6.

Company's Tier 2 Prescriptive budget request from $18,054,449 to $15,913,279 to reflect a commensurate increase requested for Pepco's Small Business Program. *Third*, we approve Pepco's Tier 3 budget request for its Multifamily, Master-Metered Prescriptive Program, in recognition that this offering ensures equitable access to EmPOWER programs for this historically under-served segment of the population.

Therefore, given the reasoning above, the need to ensure that Pepco is well-positioned to ramp-up its programs in 2017, and the projected realization of an incremental 166,536 MWh of energy savings, we issue the following decisions on Pepco's requested budgeted adjustments:

Portfolio	Program	Budget Adjustment	Incremental Energy Savings (MWh)	Commission Decision
C&I Tier 1	Prescriptive	$3,636,864	12,036	Approve
	Custom	$7,930,168	25,204	Approve
	Commercial New Construction	$793,619	1,909	Approve
	CHP	$4,309,592	28,947	Approve
C&I Tier 2	Prescriptive	$15,913,279	44,990	**Approve in part**
	Custom	$7,981,181	20,428	Approve
	Commercial New Construction	$3,221,220	13,695	Approve
	CHP	$6,603,068	62,539	**Deny**
	Small Business	$15,913,279	18,986	Approve
C&I Tier 3	Multifamily Prescriptive	$2,491,408	341	Approve

PE C&I Budget Adjustment Requests

PE submitted three budget adjustment requests for the Commission's consideration pertaining to its C&I sub-portfolio. Similar to its budget adjustment requests affecting the Company's residential program portfolio, one request (Small Business Solutions – Direct Install Program) constitutes a budget decrease to reflect a reallocation of common costs across the C&I programs due to the revised budgets of the affected C&I programs.[83] The other two budget adjustments represent increases, primarily to the customer incentive category, so that PE can expand its C&I Custom and Prescriptive Programs to target additional customer participation in 2017.[84] PE projects that the budget increase to its C&I Custom Program will serve an additional 19 participants and generate an incremental 1,949 MWh of energy savings.[85] The Company projects that the budget increase to its C&I Prescriptive Program will serve an additional 142 participants and generate an incremental 3,703 MWh of energy savings.[86] Due to program performance to-date, as well as the demonstrated level of customer interest,[87] we concur with the Company's and Staff's recommendation to approve the requested budget adjustments as cost-effective opportunities to achieve the incremental energy savings required by PE in 2017 to demonstrate compliance with Order No. 87285. Therefore, we approve PE's requested budget adjustments to its C&I portfolio in the following amounts: (-)$29,842, Small Business Program; $985,783, Prescriptive Program; and $500,559, Custom Program.

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[83] PE Compliance at 3.
[84] *Id.*
[85] *Id.*
[86] *Id.*
[87] *Id.*

SMECO C&I Budget Adjustment and Program Modification Requests

SMECO submitted three budget adjustment requests for the Commission's consideration, all of which affect the Cooperative's C&I sub-portfolio. The impact, however, is limited to a re-focusing of previously-approved resources toward alternative program offerings, and thus does not constitute a net budget increase. Specifically, the Cooperative requested a reallocation of $2,643,200 from its C&I Midstream Lighting customer incentive budget to instead support the customer incentive budgets of its C&I Prescriptive Program ($1,368,000) and its C&I Small Business Program ($1,275,200).[88] SMECO states that the reallocation request stems from the underperformance of the new Midstream Lighting Program's aggressive forecast, which was largely unrealized in 2015 due to fewer-than-anticipated participating distributors and retailers.[89] Given this feedback on programmatic performance to-date, and based on Staff's recommendation,[90] we approve SMECO's requested budget adjustments pertaining to its C&I Midstream Lighting, Prescriptive, and Small Business programs.

The Cooperative also requested two programmatic modifications – neither of which results in budgetary impacts – the first pertaining to a standardization of its CHP program incentives to align with those offered by the other Utilities. Given that our directive in Order No. 86785 approved the revised CHP incentive structure for the Utilities generally and further directed SMECO and PE to market their CHP offerings as stand-alone programs,[91] we will treat SMECO's instant filing as a request for clarification. Thus we clarify and affirm that SMECO is directed to standardize its

[88] SMECO Report at Appendix F.
[89] *Id.*
[90] Staff Comments at 122-123.
[91] Order No. 86785 at 16.

incentive structure for its CHP Program with that approved for the Utilities generally in Order No. 86785, subject to the additional flexibility pertaining to C&I customer incentives granted to the Utilities in this Order.

Lastly, SMECO requested approval to discontinue its Conservation Voltage Reduction ("CVR") pilot and instead implement a utility-wide CVR program in concert with its Advanced Metering Infrastructure ("AMI") program implementation.[92] SMECO projects that full-scale deployment of its AMI system will occur by the beginning of 2018, and notes that it will continue to work with its EM&V consultant in the interim to analyze the results of the CVR pilot prior to a large-scale deployment.[93] We concur with Staff's recommendation on this matter, and approve SMECO's request to cancel its CVR pilot and implement a full-scale CVR program in conjunction with its AMI deployment.

IV. Limited-Income Energy Efficiency and Conservation Programs

DHCD Program Modification Requests: LIEEP and MEEHA Programs

DHCD submitted three program modification requests for the Commission's consideration pertaining to the Limited-Income Energy Efficiency Program ("LIEEP") and the Multifamily Energy Efficiency and Housing Affordability ("MEEHA") Program. With respect to implementation of LIEEP, DHCD requested a waiver of the eligibility fuel type requirement in each of its service territories, and further commented that the waiver would assist with LIEEP production, particularly in the DPL and SMECO service territories.[94] Staff, however, cautioned that little information was available as to how the

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[92] Staff Comments at 128.
[93] *Id.*
[94] DHCD Report at 11 and 13.

waiver would actually impact LIEEP, and recommended instead that we approve a one-year pilot program of the waiver for projects that have satisfied the following conditions: verified energy consumption and documented annual electrical usage of at least 10,000 kWh; completion of a whole-house audit ("HEAT") that results in a savings-to-investment ratio of 1.1 or greater; required leveraging of available funds for repair or replacement of fossil fuel-fired heating systems; and for projects that would exceed the $7,500 soft cap, detailed reporting on all installed measures submitted to Staff for review during semi-annual reporting cycles.[95]

We concur with Staff that the potential impact of this waiver request on LIEEP is unknown; in fact, DHCD offered only that the waiver may drive further participation in two of its service territories. Although increased participation in LIEEP is a laudable goal, and one that we certainly support, we note Staff's observation that while participation in LIEEP exceeded all forecasts in the second half of 2015, DHCD achieved just 59% of its forecasted energy savings during the same time period.[96] We have previously remarked that a balance must be struck between the desire to reach as many eligible participants as possible, and the goal of achieving significant energy savings per participant. The accountability measures we established in Order No. 86785, based largely on the guidance of the Limited-Income Work Group, were designed to achieve this balance; the spending parameters in particular were established for this purpose, and in recognition that DHCD is uniquely positioned to leverage outside funding.[97] Thus, while we approve DHCD's requested waiver of the fuel eligibility requirement in LIEEP

[95] Staff Comments at 125 – 126.
[96] *Id.* at 71.
[97] *See* Order No. 86785 at 21-25.

as a one-year pilot commencing on July 1, 2016 and subject to the conditions suggested by Staff,[98] we grant this request with the expectation that it will drive deeper energy savings per participant within the accountability structure that we have previously defined for LIEEP implementation.

The other two program modification requests submitted by DHCD for the Commission's consideration both pertain to implementation of the MEEHA Program. Similar to the extension request granted by the Commission with respect to the 2012 – 2014 program cycle funding,[99] DHCD requests that we permit the Department to access funds committed during this program cycle for MEEHA projects that have completed the underwriting process by December 31, 2017, but that will not complete construction until the 2018 program year.[100] We concur with Staff that this advance extension request should serve to lessen the ramp-up period experienced by DHCD during the previous program cycle transition, and therefore approve the Department's request for extension of MEEHA 2015 – 2017 program cycle funding into 2018. Our approval is subject to the conditions described by Staff; specifically that the energy savings of the affected MEEHA projects should be credited to the program cycle in which the measure was installed or the project was completed.[101] Further, DHCD is directed to execute the installed measures report in conjunction with its semi-annual reports as described in Staff's comments for MEEHA projects currently under construction.[102]

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[98] *See* Staff Comments at 126.
[99] *See* Order No. 86698 (Nov. 5, 2014) at 16.
[100] Staff Comments at 126.
[101] *Id.*
[102] *Id.* at 84-85.

The final program modification submitted by DHCD requested Commission approval to add master-metered projects as eligible participants in the MEEHA Program – a request that Staff does not support. Staff notes its objection to the Department's request on several grounds, particularly that DHCD currently has access to unspent customer investment funds targeted specifically at the completion of master-metered projects in the BGE service territory, and because a data request completed by DHCD indicates that the Department does not anticipate any significant impact during the current program cycle if their request is approved.[103] Thus, Staff concludes that DHCD's requested MEEHA program modification is premature, and recommends instead that the Department focus in the near-term on the completion of master-metered projects using available customer investment funds.[104] Although we are inclined generally to grant program modification requests that will help expand access to EmPOWER funds by all ratepayer classes, we concur with Staff that DHCD's instant request is premature in light of other available funding.[105] Similar to BGE's successful transition of its SBEA pilot (initially funded using customer investment funds) into the EmPOWER umbrella of program offerings, we encourage DHCD to deploy its unspent merger funds on master-metered projects in innovative ways. Our expectation is that data and lessons learned from those CIF-funded projects will serve as the basis for a future reconsideration of the instant program modification request regarding the MEEHA program funded by

[103] *Id.* at 127.
[104] *Id.*
[105] We further note that actions taken in this Order and in prior orders have expanded access of certain utility programs to include master-metered customers. *See infra* pages 22-23, granting DPL's request to add master-metered customers to its Multi-Dwelling QHEC Program and noting that Pepco already includes master-metered customers in its comparable program.

EmPOWER, which we look forward to reviewing in an effort to further expand access for master-metered customers to EmPOWER programs.

Lastly, several additional issues were raised by Staff for our consideration, applicable to both the LIEEP and MEEHA Programs. Staff expressed concerns stemming from the status of the Department's efforts to engage a new limited-income program evaluator, as well as with respect to the lack of marketing and advertising efforts deployed in 2015 related to DHCD's implementation of the EmPOWER limited-income programs. We share Staff's concerns with respect to both issues, and note that the engagement of an EM&V contractor and the targeted marketing of the LIEEP and MEEHA program offerings are both key to the future success of the EmPOWER limited-income programs. Thus, we accept Staff's recommendation that DHCD file quarterly progress reports on the status of securing its new EM&V contractor.[106] Further, once the Department has secured its new evaluator, we direct DHCD to include in its quarterly progress reports a detailed plan outlining efforts to resolve the backlog of outstanding program evaluations for the LIEEP and MEEHA programs.[107]

We also accept Staff's recommendation that DHCD file its intended program marketing and advertisement materials applicable to its EmPOWER LIEEP and MEEHA program offerings with the Commission. We concur with Staff that the Department's acknowledged[108] lack of marketing or advertising of its EmPOWER programs during the current program cycle could unintentionally result in participation issues moving forward. Therefore, we find that the submitted materials could likely benefit from a

[106] Staff Comments at 83.
[107] Currently, DHCD's LIEEP is behind two evaluation cycles, and the MEEHA Program is behind one evaluation cycle. *Id.*
[108] DHCD Report at 6.

review and comment period by the Limited-Income Work Group, and thus direct DHCD to file its intended program marketing and advertising materials applicable to its EmPOWER LIEEP and MEEHA program offerings with the Commission Staff no later than July 15, 2016.

Limited-Income Energy Efficiency Goals

In Order No. 87082, issued July 16, 2015, we directed the Limited-Income Work Group to file post-2015 energy efficiency goals specific to the residential limited-income sector no later than February 1, 2016.[109] Based on the report filed by Staff on behalf of the Limited-Income Work Group, a wide array of opinions persists across the stakeholders as to both the baseline from which to derive an assessment of limited-income energy efficiency savings potential, as well as the magnitude and structure of potential limited-income energy efficiency goals.[110] We encourage the Limited-Income Work Group to continue discussing this framework moving forward, especially for purposes of quantifying and resolving the baseline savings potential issue, but we decline to adopt any specific goals targeted at the limited-income sector at this time. We find that it is premature to do so, particularly given the lack of consensus and outstanding data needs at the stakeholder level.[111] Further, we find that our immediate focus should instead be on the realization of the existing prescribed participation and savings metrics approved for DHCD's LIEEP and MEEHA programs for the remainder of the 2015 – 2017 program cycle. When the Limited-Income Work Group reaches resolution on any of the unresolved questions pertaining to the establishment of energy efficiency goals

[109] Order No. 87082 at 32.
[110] *See* LIWG Report.
[111] We take this opportunity to remind the parties, especially the Utilities and DHCD, that cooperative, timely and good faith data-sharing is essential to the success of these programs.

specific to the limited-income sector, this information can and should be used to inform the development of future program cycle proposals by any party wishing to serve as a program implementer of limited-income EmPOWER programs in the subsequent program cycle.

Further, while we decline at this time to adopt specific energy efficiency goals targeted at the limited-income sector, this should not be construed as a signal that we do not support the expansion of energy efficiency opportunities in this area. Rather, we have acknowledged repeatedly in prior orders that improving the energy efficiency of limited-income households remains a critical area of focus for the State. As stated above, we find that in the near-term it is appropriate to focus on the realization of current LIEEP and MEEHA forecasts; however, we also find it appropriate to take steps immediately to broaden access to other current EmPOWER programs administered by the Utilities. Therefore, the Utilities are directed to broaden the scope of eligible participants in their QHEC Programs to include limited-income customers (within the current budgets authorized for these programs).[112] Coordination between the Utilities and DHCD remains paramount, but we see no barrier otherwise limiting the described expanded access. The Limited-Income Work Group is further directed to discuss other opportunities for expanding limited-income customer access to other existing EmPOWER programs.

[112] We note that if the Utilities experience greater demand than can be accommodated within existing QHEC budgets due to this expansion of eligible participants to include limited-income customers, then the Utilities may request a reallocation of incentive funds within their residential portfolios, or a budget adjustment, at a subsequent semi-annual hearing.

V. Natural Gas Energy Efficiency and Conservation

Natural Gas EE&C Programs

On August 29, 2014, WGL filed its natural gas EE&C program proposal pursuant to the EmPOWER Maryland Energy Efficiency Act of 2008. In Order No. 86785, the Company received Commission authorization to implement its suite of cost-effective residential and C&I program offerings for the 2015 – 2017 program cycle.[113] As part of our May 4 – 6, 2016 EmPOWER Maryland semi-annual hearings, we heard from Staff, the Company, and other stakeholders regarding the successful launch of WGL's portfolio during the first half of 2015.[114] After reviewing programmatic results from the third and fourth quarters of 2015, we also received comments pertaining to areas of improvement that the Company can focus on moving forward. We concur with Staff that WGL has successfully expedited the start-up phase of its portfolio and is already realizing significant therm savings,[115] and we encourage WGL to continue working with Staff and other stakeholders to ensure further progress is realized.

One area in which we look forward to continued development is the enhanced coordination between natural gas and electric companies in implementing energy efficiency programs. In December 2014, we directed the formation of the Natural Gas – Electric Efficiency Coordination Work Group for the purpose of developing program coordination strategies that reflect the overlap of electric and natural gas service territories and corresponding energy efficiency programs.[116] We have received periodic updates since then regarding the Work Group's activities, but specific concerns regarding

[113] Order No. 86785 at 26-29, 42.
[114] *See, e.g.* Staff Comments at 66.
[115] *Id.*
[116] Order No. 86785 at 28.

data sharing between utilities were escalated to our attention at our most recent semi-annual hearings. Specifically, WGL noted that discussions regarding data exchange for customers it shares with PHI utilities had encountered difficulties due to "historical protections for customer privacy, and at this point [the Utilities] could use some direction from the Commission on how to proceed on that."[117] WGL did note, however, that recent discussions had revealed one potential path forward: the concept of an opt-in process by which customers could voluntarily elect to permit data sharing between their respective electric and natural gas utility for purposes of facilitating energy efficiency program implementation.[118]

We find that at a minimum an opt-in process, such as the one briefly described by the Company at our hearing, should facilitate a path forward on the issue of natural gas and electric energy efficiency coordination. Therefore, we direct WGL, on behalf of the Utilities, to file and present a formalized opt-in data sharing protocol for our consideration at the fall semi-annual hearings.[119] We further direct Staff, on behalf of the Natural Gas – Electric Efficiency Coordination Work Group, to file a comprehensive report detailing associated issues (legal, administrative, or otherwise) that hamper a more generalized exchange of data between a customer's electric and natural gas utility for the purpose of facilitating energy efficiency program implementation. Staff is directed to file this report, along with any associated recommendations or resolutions, by September 15, 2016 if possible, but no later than April 10, 2017.

[117] May 5, 2016 Tr. at 522 (WGL Dodge).
[118] *Id.* at 524.
[119] This data sharing protocol can be filed as an appendix to the report required by Staff on behalf of the Natural Gas – Electric Efficiency Coordination Work Group.

Natural Gas EE&C Goals

In Order No. 87082, issued July 16, 2015, we noted that the applicable statute speaks directly to whether natural gas utilities are required to offer energy efficiency programs, stating in part that "each gas company…shall develop and implement programs and services to encourage and promote the efficient use and conservation of energy."[120,121] We concluded in Order No. 87082 that the formulation of natural gas energy efficiency goals in the State is appropriate, but opted not to establish specific targets at that time, instead tasking the Natural Gas – Electric Coordination Work Group with proposing appropriate targets for our consideration at the spring 2016 semi-annual hearings.[122]

Having reviewed the Work Group's report and heard from each of the interested parties, we find that no consensus exists with respect to any item that we tasked the Work Group with considering in the development of natural gas energy efficiency goals. BGE expressed its support for an annual therm savings goal based upon a target of 0.2% of retail sales baseline, translated into an evaluated savings goal.[123] Although WGL did not recommend a specific target, the Company noted that based on an extensive study, it determined that an achievable goal is likely in the range of 0.3 – 0.6% per year.[124] Columbia suggested a goal structure of 0.5% per year with an associated ramp-up period, or the flexibility to propose alternative natural gas energy efficiency goals to the

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[120] Order No. 87082 at 25, quoting PUA § 7-211(d).

[121] Note that in Order No. 87082, the question was misarticulated as whether to establish a goal to drive the *reduction* of natural gas usage, as opposed to stimulating the efficient use of it. We agree with stakeholders that a utility's progress in implementing natural gas energy efficiency programs should be measured using an evaluated savings goal, as opposed to striving toward a specific usage reduction target. *See, e.g.* NGWG Report at 4.

[122] Order No. 87082 at 26.

[123] NGWG Report at 6.

[124] *Id.*

Commission.[125] Staff and other responding parties recommended a 1.0% gross savings goal, with a 0.2% per year ramp-up structure.[126]

Thus, while not representing a consensus with respect to a specific percentage target, the responses articulated by the Work Group members reflect interest across the natural gas companies in establishing cost-effective and appropriate natural gas energy efficiency programs. We have previously remarked that the establishment of energy savings goals is not a prerequisite defined by the underlying statute for the approval of energy efficiency programs.[127] Therefore, while we decline to adopt specific natural gas energy efficiency therm savings goals at this time, we look forward to the review of cost-effective and appropriate proposals by natural gas companies[128] consistent with the planning and review processes currently utilized by the EmPOWER Utilities today.

VI. Other EmPOWER Requests

Data-driven Demand-Side Management Program Offerings

During our fall 2015 semi-annual EmPOWER hearings, third-party retail suppliers offered comments on data access issues relating to the provision of retail electricity products and services that assist customers in reducing their electricity usage. In response, we directed the parties to convene the Retail Supplier Data Access Work Group ("RSDAWG") for purposes of developing a proposal to provide authorized retail suppliers access to electric smart meter-enabled billing quality interval data in the form of batch files.[129] On March 1, 2016, BGE filed a report responding to our directives on

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[125] *Id.*
[126] *Id.* at 5-6.
[127] Order No. 86785 at 26-27.
[128] "Gas company" is defined by PUA § 1-101(k).
[129] Order No. 87285 (Dec. 8, 2015) at 30.

behalf of the RSDAWG.[130] Included in the RSDAWG report is a consensus straw proposal that establishes a general framework for any utility or cooperative that has, or will, deploy advanced metering infrastructure ("AMI") so that data is provided to authorized, licensed third-party retail suppliers in a consistent manner. The RSDAWG straw proposal states that:

- A utility should offer an electronic means to enable licensed retail suppliers access to smart meter usage data;
- The source of the smart meter usage data can be a customer's billing system, PJM settlement data, or any other system that houses the interval usage data;
- The batch file should consist of the following data elements: service point ID; customer identifier, such as account number or Electric Choice ID; date; an identifier that the data is estimated; and kWh hour for each hour; and
- The data elements should be provided in a batch file in .csv or other spreadsheet format.[131]

Further, in accordance with our Order, the RSDAWG reviewed the current customer consent and privacy policies enumerated in the Code of Maryland Regulations. The RSDAWG affirms that existing regulations mandate that, before a supplier accesses any platform designed to provide it with customer usage data, the supplier must first obtain a customer's consent; the supplier must also maintain the confidentiality of that data.[132] Given the comprehensive and consensus nature of the filing, we accept the report filed by BGE on behalf of the RSDAWG in compliance with Order No. 87285. The straw proposal shall establish the general framework for any Maryland utility or cooperative that has, or will, deploy AMI insofar as the proposal pertains to the access by

[130] ML#185225: *Report of the Retail Supplier Data Access Working Group* ("RSDA Work Group Report") (March 1, 2016).
[131] RSDA Work Group Report at 6.
[132] *Id.* at 6-7.

authorized third-party retail suppliers to electric smart meter-enabled billing quality interval data in the form of batch files.

EmPOWER Reporting and Process Improvement

In Order No. 87285, in response to comments filed by Prince George's County, we directed Staff to convene the EmPOWER Reporting and Process Improvement ("ERPI") Work Group to assess several of the County's requests, including that we require the Utilities to file an additional appendix to the semi-annual reports depicting EmPOWER Maryland program data at the county-level.[133] After discussing with members of the ERPI Work Group, a general consensus was reached that county-specific data will be made available to interested counties on a semi-annual basis, approximately one month after the EmPOWER reports are filed with the Commission. Rather than filing the county-level data with the Commission, the supplemental reports will be transmitted directly to the interested counties, with copies provided to OPC and Staff.[134] In order to receive this data, counties must expressly opt-in through a letter to the Commission.

We accept this process proposed by the ERPI Work Group as a resolution to the directive outlined in Order No. 87285, and note that opt-in letters received by the Commission will be forwarded to Staff for coordination purposes. The opt-in letters will be treated as informational filings and will not require further action by the Commission. While these opt-in letters from interested counties may be submitted at any time, we note

[133] Order No. 87285 at 24-25, 31.

[134] Each county will receive only the data for its jurisdiction, with data provided at the premise level and aggregated to the portfolio level to protect customer privacy. Staff Summary Report at 8-9.

that the letters should be submitted at least 30 days prior to the filing of the Utilities' semi-annual report to provide sufficient time for preparation of the county-level data.

Transparency of EmPOWER Billing, Benefits Reporting, and Marketing

For more than two decades – and before the enactment of the EmPOWER legislation – the Commission has been tasked with the statutory duty to "require each gas company and electric company to establish any program or service that the Commission deems appropriate and cost effective to encourage and promote the efficient use and conservation of energy."[135] The Commission's statutory directive stems from the declaration by the Maryland General Assembly that energy efficiency is among the least expensive ways to meet the growing electricity demands of the State[136] – a finding repeatedly affirmed by nationwide studies, such as a 2014 study conducted by the American Council for an Energy-Efficiency Economy ("ACEEE").[137]

Consistent with the findings of the ACEEE report, across all of the EmPOWER Utilities, the lifecycle cost per kWh for the EE&C programs is $0.032 per kWh[138] - significantly lower than the alternative option of purchasing electricity, which ranges currently from $0.076 to $0.093 per kWh in Maryland.[139] In the absence of EmPOWER

[135] In 1991, the General Assembly enacted an energy conservation measure, then codified in Article 78, §28(g) of the Maryland Annotated Code, and later re-codified as PUA § 7-211.
[136] PUA § 7-211(b)(1).
[137] This study concluded that electric utility energy efficiency programs, at an average cost of 2.8 cents per kilowatt hour ("kWh"), provide resource options ranging from one half to one third the cost of alternative options such as building new power plants. Also, compared to a natural gas commodity price of 49 cents per therm in 2013, natural gas energy efficiency programs prevailed as a least-cost option at an average cost of 35 cents per therm. See Maggie Molina, The Best Value for America's Energy Dollar: A National Review of the Cost of Utility Energy Efficiency Programs, ACEEE Report Number U1402 (March 2014), at iii.
[138] The lifecycle cost per kWh is calculated by dividing the total EE&C expenditures by the total lifecycle energy savings of the Utilities.
[139] *See The EmPOWER Maryland Energy Efficiency Act Standard Report of 2016*, MD PSC (April 2016), at 3. The cost of SOS differs between utility service territories and changes by season. Customers can access the current cost of supply service for their utility and compare residential retail electricity supplier

programs, the Utilities would have had to procure an additional 5,394,086 MWh on behalf of Maryland ratepayers between 2009 and 2015. Further, the EmPOWER investments offer a sustained benefit of 38.9 billion kWh of energy savings over the lifetime of the installed energy efficiency measures, which is equivalent to $4.39 billion in lifetime energy bill savings.[140] The benefits of energy efficiency and demand response programs offered under the EmPOWER Maryland umbrella are shared across the entire rate class.[141] Additional tangible benefits related to a customer's participation in EmPOWER-funded direct load control or dynamic pricing programs are visible in the form of monetary credits on the customer's energy bill.[142]

Therefore, given the economic benefits derived from EmPOWER-funded programs, along with environmental and other non-energy benefits such as the job creation associated with these investments, we now task the parties with investigating the transparency of cost recovery of these funds. Customers should not only see the EmPOWER surcharge as a line item on their monthly energy bills, but should also be able to ascertain at least a portion of the benefits derived from the surcharge collection in the same location on the bill.[143] Customers also should be provided information in conjunction with EmPOWER program offerings in a manner sufficient to allow them to

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offers by visiting the Commission's shop-and-compare web portal, available at: http://www.psc.state.md.us/electricchoice/shop-and-compare/.

[140] *Id.* at 24, 32, 40, 48, and 56.

[141] "As long as you have people participating and the programs being effectively utilized, those benefits are across the entire rate class…this Commission has consistently looked for cost effectiveness tests and reviewed the programs and given oversight and OPC has participated…" *See* May 4, 2016 Tr. at 210 – 211 (OPC Knolls).

[142] In addition, reductions in peak demand funded by EmPOWER programs avoided the construction of at least two coal-fired power plants that would otherwise have been necessary to meet Maryland's unmitigated peak demand. *See* May 5, 2016 Tr. at 497-500 (BGE Witness Harbaugh).

[143] For example, perhaps an opportunity exists to combine the surcharge line item with any offsetting demand response program credit earned during that billing cycle. *See, e.g.* May 6, 2016 Tr. at 744-745 (Chairman Hughes / Mr. Hurley).

connect the offering with the statewide energy efficiency programs funded by the EmPOWER surcharge collection. This level of transparency, both in the billing and marketing of EmPOWER-funded programs, ensures that these statewide energy efficiency efforts are effectively communicated. For these reasons, we direct Staff to convene the EmPOWER Marketing Work Group for purposes of assessing opportunities to enhance the transparency of EmPOWER billing, benefits reporting, and marketing activities as described in this Order. Staff, on behalf of the Work Group, is directed to file an assessment of opportunities for increased transparency with respect to these issues, as well as any associated recommendations, no later than September 15, 2016.

IT IS THEREFORE, this 26th day of May, in the year Two Thousand Sixteen, by the Public Service Commission of Maryland,

ORDERED:

(1) That Staff, on behalf of the Residential Appliance Programs Work Group, is directed to file no later than September 15, 2016 a report and any associated recommendations regarding the continuation of, or potential modifications to, the Residential Appliance Rebate Program applicable to the remainder of this program cycle;

(2) That Staff, on behalf of the EmPOWER Reporting and Process Improvement Work Group, is directed to file by September 15, 2016 if possible, but no later than April 10, 2017, an assessment of the topics pertaining to the Residential Behavioral Programs, as described herein;

(3) That an increase to the budget of PE's Residential Behavioral Program in the amount of $770,365 is approved through the end of the 2015 – 2017 program cycle;

(4) That decreases to the remaining 2015 – 2017 program cycle budgets of the following PE Residential Programs are approved in the noted amounts: : -$15,764, Residential Lighting; -$15,775, Appliance Rebates; -$12,951, Appliance Recycling; -$38,613, QHEC; -$25,028, HPwES; -$6,794, Residential New Construction; and -$16,126, HVAC;

(5) That the Utilities' request to remove the electric water heater tank wrap measure from the QHEC and HPwES Programs is approved;

(6) That BGE's request to transition from a pilot into a fully operable Residential Natural Gas Conversion Program is denied, without prejudice;

(7) That BGE is directed to file a report no later than September 15, 2016 that details a comprehensive review of the Residential Natural Gas Conversion Pilot's results, including additional analyses as described herein;

(8) That Staff, on behalf of the Work Group, is directed to file no later than April 10, 2017 a report and any associated recommendations regarding the continuation of, or potential future program cycle modifications to, the Residential New Construction Program;

(9) That the Utilities' request to add Value LEDs as eligible measures in the Residential Lighting, QHEC, and HPwES Programs is approved through the remainder of the 2015 – 2017 program cycle;

(10) That the Utilities are directed to file within 45 days a revised incentive structure for residential lighting products to reflect the approval of Value LEDs and Energy Star 2.0 LEDs as eligible measures in the Residential Lighting, QHEC, and HPwES Programs, inclusive of the cost data and training materials described herein;

(11) That the request by BGE for the ability to reallocate previously-approved incentive funds between programs within the same sub-portfolio is approved with respect to the C&I sub-portfolio of programs, subject to the conditions outlined herein, and further extended to DPL, PE, Pepco, SMECO, and WGL;

(12) 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, 2017 and completed no later than June 30, 2018 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;

(13) That the Utilities, on behalf of the ERPI Work Group, are directed to file no later than April 10, 2017 a report clearly articulating a standardized policy for treatment of pre-approved C&I projects;

(14) That an increase to the budget of BGE's C&I Prescriptive Program in the amount of $18,000,000 is approved through the end of the 2015 – 2017 program cycle;

(15) That an increase to the budget of BGE's C&I Small Business Energy Advance Program in the amount of $1,085,000 is approved through the end of the 2015 – 2017 program cycle;

(16) That a reallocation from the customer incentive budget of BGE's CHP and Midstream Lighting Programs to the customer incentive budget of BGE's C&I Prescriptive Program in the amount of $8,000,000 is approved through the end of the 2015 – 2017 program cycle;

(17) That an increase to the budget of DPL's C&I Prescriptive Program in the amount of $4,847,812 is approved through the end of the 2015 – 2017 program cycle;

(18) That an increase to the budget of DPL's C&I New Construction Program in the amount of $1,175,516 is approved through the end of the 2015 – 2017 program cycle;

(19) That an increase to the budget of DPL's CHP Program in the amount of $5,536,708 is approved through the end of the 2015 – 2017 program cycle;

(20) That an increase to the budget of DPL's C&I Custom Program in the amount of $2,180,588 is approved through the end of the 2015 – 2017 program cycle;

(21) That an increase to the budget of DPL's C&I Small Business Program in the amount of $9,759,362 is approved through the end of the 2015 – 2017 program cycle;

(22) That an increase to the budget of DPL's Multifamily Prescriptive Program in the amount of $518,756 is approved through the end of the 2015 – 2017 program cycle;

(23) That an increase to the budget of DPL's Multi-Dwelling QHEC Program in the amount of $517,282 is approved through the end of the 2015 – 2017 program cycle;

(24) That DPL's request to add master-metered customers as eligible participants in its Multi-Dwelling QHEC Program is approved;

(25) That an increase to the budget of DPL's C&I Retro-commissioning Program in the amount of $1,552,982 is denied;

(26) That an increase to the budget of Pepco's C&I Prescriptive Program in the amount of $19,550,143 is approved through the end of the 2015 – 2017 program cycle;

(27) That an increase to the budget of Pepco's C&I Custom Program in the amount of $15,911,349 is approved through the end of the 2015 – 2017 program cycle;

(28) That an increase to the budget of Pepco's C&I New Construction Program in the amount of $4,014,839 is approved through the end of the 2015 – 2017 program cycle;

(29) That an increase to the budget of Pepco's C&I CHP Program in the amount of $4,309,592 is approved through the end of the 2015 – 2017 program cycle;

(30) That an increase to the budget of Pepco's C&I CHP Program in the amount of $6,603,068 is denied;

(31) That an increase to the budget of Pepco's C&I Small Business Program in the amount of $15,913,279 is approved through the end of the 2015 – 2017 program cycle;

(32) That an increase to the budget of Pepco's C&I Multifamily Prescriptive Program in the amount of $2,491,408 is approved through the end of the 2015 – 2017 program cycle;

(33) That a decrease to the budget of PE's C&I Small Business Program in the amount of $29,842 is approved through the end of the 2015 – 2017 program cycle;

(34) That an increase to the budget of PE's C&I Prescriptive Program in the amount of $985,783 is approved through the end of the 2015 – 2017 program cycle;

(35) That an increase to the budget of PE's C&I Custom Program in the amount of $500,559 is approved through the end of the 2015 – 2017 program cycle;

(36) That a decrease to the budget of SMECO's C&I Midstream Lighting Program in the amount of $2,643,200 is approved through the end of the 2015 – 2017 program cycle;

(37) That an increase to the budget of SMECO's C&I Prescriptive Program in the amount of $1,368,000 is approved through the end of the 2015 – 2017 program cycle;

(38) That an increase to the budget of SMECO's C&I Small Business Program in the amount of $1,275,200 is approved through the end of the 2015 – 2017 program cycle;

(39) That SMECO's request to discontinue its CVR pilot and instead implement a full CVR program in concert with its AMI program is approved;

(40) That all revised targets and forecasts filed by the Utilities in conjunction with the budget adjustment requests are approved and shall be reflected in the next semi-annual filing;

(41) That DHCD's request for a waiver of the fuel type eligibility requirement for LIEEP is approved as a one-year pilot, subject to the conditions specified by Staff and adopted in this Order;

(42) That DHCD's request for an extension of its 2015 – 2017 MEEHA funding for projects committed to before December 31, 2017, but not completed until December 31, 2018, is approved, subject to the periodic installed measures reporting recommended by Staff;

(43) That DHCD's request to include master-metered buildings as eligible participants in its MEEHA program is denied, without prejudice;

(44) That DHCD is directed to file quarterly progress reports on the status of its EM&V contractor procurement and evaluation backlog until such time that all DHCD EM&V reporting is current;

(45) That DHCD is directed to file its intended marketing and advertisement materials for both the LIEEP and MEEHA programs no later than July 15, 2016, for review and comment by the Limited-Income Programs Work Group in advance of the fall semi-annual hearings;

(46) That the Utilities are directed to broaden the scope of eligible participants in their QHEC Programs to include limited-income customers;

(47) That Staff, on behalf of the Natural Gas – Electric Efficiency Coordination Work Group, is directed to file by September 15, 2016 if possible, but no later than April 10, 2017, a comprehensive report detailing associated issues (legal, administrative, or otherwise) that hamper an exchange of data between a customer's electric and natural gas utility for the purpose of facilitating energy efficiency program implementation;

(48) That WGL, on behalf of the Utilities, is directed to file no later than September 15, 2016 a formalized opt-in data sharing protocol for use between EmPOWER natural gas and electric utilities;

(49) That the report filed by BGE on behalf of the RSDAWG is accepted as demonstrating compliance with Order No. 87285, and that the straw proposal detailed therein shall establish the general framework for any Maryland utility or cooperative that has, or will, deploy AMI insofar as the proposal pertains to the access by authorized third-party retail suppliers to electric smart meter-enabled billing quality interval data in the form of batch files;

(50) That the process for providing county-level EmPOWER Maryland data to interested counties proposed by the ERPI Work Group is accepted as demonstrating compliance with Order No. 87285, and that opt-in letter requests received by the

Commission will be provided to Staff and treated as informational filings as described herein; AND

(51) That Staff, on behalf of the Work Group, is directed to file an assessment of opportunities for increased transparency with respect to EmPOWER billing, benefits, and program marketing activities, as well as any associated recommendations, no later than September 15, 2016.

/s/ W. Kevin Hughes

/s/ Harold D. Williams

/s/ Anne E. Hoskins

/s/ Jeannette M. Mills

/s/ Michael T. Richard
Commissioners

Concurring Statement of Commissioner Michael T. Richard

I thank my Commission colleagues for their respectful consideration of my concerns about the EmPOWER program, particularly over the program's costly impact on Maryland electric and gas ratepayers. While I am alarmed by the size of the Utilities total requested increases in the EmPOWER surcharges, I was pleased to work with Commissioners to limit some of the proposed budget increases, find options to promote efficiencies, and to indicate that the Utility budgets, as modified in this order, are sufficient to meet the program goals through the cycle ending December of 2017.

I am also encouraged that the Commission noted at the top of the EmPOWER order the views submitted by the Maryland Energy Administration, and that the Commission stated that it looks forward to working with the Administration on the State's energy efficiency and demand response programs. It is my hope that this collaboration will result in programs that rely less on Utilities imposing fees on their customers and more on using the state's Strategic Energy Investment Funds and on innovative subsidy-neutral programs.

While it would have been my preference to be initiating immediate reductions in the EmPOWER surcharges rather than approving increases, the Commission's actions in 2014 to extend the EmPOWER goals beyond the 2015 program end-date have created contractual work expectations for a number of private-sector stakeholders. I am concerned that an abrupt halting of the program would cause undue hardships on many small Maryland businesses. I believe the Commission should direct an orderly transition away from subsidy-based programs towards new, market-based ways of promoting the valuable energy savings services offered by many outstanding small Maryland businesses to residential and commercial customers.

So while I may not agree with all of the order narratives ascribing to EmPOWER, and magnifying, various benefits and outcomes, I again thank the commissioners for considering my views, and believe that this order is right for this point in time. I look forward to seeing the State's electric and gas Utilities at the 2016 fall semi-annual program review report on EmPOWER program efficiencies they have achieved, and I would welcome proposals for fee reductions on Maryland ratepayers' electric and gas bills.

/s/ Michael T. Richard
Commissioner