

**ORDER NO. 88614**

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

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BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF MARYLAND

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CASE NO. 9153  
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IN THE MATTER OF BALTIMORE GAS AND ELECTRIC  
COMPANY'S ENERGY EFFICIENCY, CONSERVATION  
AND DEMAND RESPONSE PROGRAMS PURSUANT TO  
THE EMPOWER MARYLAND ENERGY EFFICIENCY  
ACT OF 2008

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CASE NO. 9154  
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IN THE MATTER OF POTOMAC ELECTRIC POWER  
COMPANY'S ENERGY EFFICIENCY, CONSERVATION  
AND DEMAND RESPONSE PROGRAMS PURSUANT TO  
THE EMPOWER MARYLAND ENERGY EFFICIENCY  
ACT OF 2008

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CASE NO. 9155  
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IN THE MATTER OF DELMARVA POWER & LIGHT  
COMPANY'S ENERGY EFFICIENCY, CONSERVATION  
AND DEMAND RESPONSE PROGRAMS PURSUANT TO  
THE EMPOWER MARYLAND ENERGY EFFICIENCY  
ACT OF 2008

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CASE NO. 9156  
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IN THE MATTER OF SOUTHERN MARYLAND  
ELECTRIC COOPERATIVE, INC.'S ENERGY  
EFFICIENCY, CONSERVATION AND DEMAND  
RESPONSE PROGRAMS PURSUANT TO THE  
EMPOWER MARYLAND ENERGY EFFICIENCY ACT OF  
2008

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CASE NO. 9157  
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IN THE MATTER OF WASHINGTON GAS LIGHT  
COMPANY'S ENERGY EFFICIENCY, CONSERVATION  
AND DEMAND RESPONSE PROGRAMS PURSUANT TO  
THE EMPOWER MARYLAND ENERGY EFFICIENCY  
ACT OF 2008

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CASE NO. 9362  
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**Issue Date: March 26, 2018**

On January 22nd, 2018, Baltimore Gas and Electric (“BGE”), Potomac Electric Power Company (“PEPCO”), and Delmarva Power & Light Company (“Delmarva”) (collectively, “Movants”) filed a joint Request for Clarification, or in the Alternative Rehearing (“Request”), in response to Order No. 88514.<sup>1</sup> Relevant to the instant Order, the Request sought the Commission’s approval of the new incentive framework proposed by the Movants for their respective 2018-2020 Combined Heat and Power (“CHP”) Programs. Given that CHP incentives are standardized statewide under the EmPOWER program, and therefore any modifications to a CHP incentive structure would impact all EmPOWER Utilities, the Commission opened this sole issue for comment from Staff, SMECO, and PE prior to rendering a decision.<sup>2</sup>

Currently, CHP incentives to customers follow those developed under the 2015-2017 EmPOWER cycle, which are based on kWhs produced.<sup>3</sup> Conversely, the incentive structure proposed by the Movants as part of their 2018-2020 EmPOWER plans is based on the percentage of actual production to planned production.<sup>4</sup>

The Commission’s Technical Staff, Southern Maryland Electric Cooperative, Inc., and The Potomac Edison Company concur with the CHP incentive structure proposed by

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<sup>1</sup> Issued December 22, 2017 in relation to the October 25-31, 2017 legislative-style hearing held by the Maryland Public Service Commission (“the Commission”) on the semi-annual EmPOWER Maryland reports for the first and second quarters of 2017 as filed by the Movants, as well as other utilities that did not join in filing the Request.

<sup>2</sup> The directive for comments was issued on February 22, 2018.

<sup>3</sup> Under the 2015-2017 CHP structure, the design incentive was \$75/kW, the installation incentive was \$275/kW for projects under 250kW and \$175/kW for projects 250kW and over, and the production incentive was \$0.07/kWh for 18 months.

<sup>4</sup> Movants proposed the following CHP incentive structure as part of their respective 2018-2020 EmPOWER plans: Design Incentive – 10% incentive at project approval; Commissioning Incentive – 30% incentive at installation and commissioning; Production Incentive – 60% incentive after receiving 12 contiguous months of actual kWh generation received within 24 months of project installation, with payment made based on kWh actual generation versus kWh generation proposed, and payment capped at 60% of total incentive.

the Movants.<sup>5</sup> Furthermore, the Commission finds that the proposed structure is expected to improve the conditions for smaller CHP systems to participate in the program, and hopes that the change to incentives will encourage additional commercial and industrial customers to pursue CHP projects. As such, the new incentive framework proposed by the Movants for the 2018-2020 CHP programs is hereby approved.

**IT IS THEREFORE**, this 26<sup>th</sup> day of March, in the year Two Thousand and Eighteen, by the Public Service Commission of Maryland,

**ORDERED:** That the following incentive structure is to be used for CHP programs by PE, BGE, PEPCO, Delmarva, and SMECO as part of their respective 2018-2020 EmPOWER plans: Design Incentive – 10% incentive at project approval; Commissioning Incentive – 30% incentive at installation and commissioning; Production Incentive – 60% incentive after receiving 12 contiguous months of actual kWh generation received within 24 months of project installation, with payment made based on kWh actual generation versus kWh generation proposed, and payment capped at 60% of total incentive.

By Direction of the Commission,

*/s/ David J. Collins*

David J. Collins  
Executive Secretary

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<sup>5</sup> PE filed comments on March 12, 2018, stating, “The Company supports Movants’ request for clarification of the incentive structure.” SMECO filed comments on March 13, 2018, stating, “SMECO concurs with [Movants’] CHP incentive structure proposed in their 2018-2020 EmPOWER plans.” Staff filed comments on March 14, 2018, stating, “Staff continues to recommend the Commission approve the CHP program’s new incentive structure for 2018-2020.” Furthermore, PEPCO and Delmarva filed comments on March 13, 2018, noting that “[A]ll of the Maryland electric utilities and Staff are in agreement that the proposed CHP production incentive structure... should be used...”