

ORDER NO. 89669

In the Matter of the EmPOWER Maryland *
2018-2020 Energy Efficiency, Conservation *
and Demand Response Program Plans *
Pursuant to the EmPOWER Maryland Energy *
Efficiency Act of 2008 *

BEFORE THE
PUBLIC SERVICE COMMISSION
OF MARYLAND

CASE NO. 9494

Issue Date: November 25, 2020

ORDER ON 1st AND 2nd QUARTER 2020 SEMI-ANNUAL REPORTS

1. On October 26, 2020, the Commission held a virtual, legislative-style hearing in the above-captioned case to review, *inter alia*, the semi-annual EmPOWER Maryland reports for the first and second quarters of 2020 as filed by The Potomac Edison Company (“PE”),¹ Baltimore Gas and Electric Company (“BGE”),² Potomac Electric Power Company (“Pepco”),³ Delmarva Power & Light Company (“Delmarva”),⁴ Southern Maryland Electric Cooperative, Inc. (“SMECO”)⁵ (collectively, “Electric Utilities”), Washington Gas Light Company (“WGL”)⁶ (collectively, along with the

¹ Maillog No. 231468: The Potomac Edison Company 2020 Semi-Annual EmPOWER Maryland Report for the Period of January 1 – June 30 (“Potomac Edison Report”) (August 14, 2020).

² Maillog No. 231481: Baltimore Gas and Electric Company 2020 Mid-Year EmPOWER Maryland Report for January 1 through June 30, 2020 (“BGE Report”) (August 18, 2020).

³ Maillog No. 231511: Potomac Electric Power Company’s First 2020 Semi-Annual EmPOWER Maryland Energy Efficiency and Conservation and Demand Response Report (“Pepco Report”) (August 17, 2020).

⁴ Maillog No. 231534: Delmarva Power & Light Company’s First 2020 Semi-Annual EmPOWER Maryland Energy Efficiency and Conservation and Demand Response Report (“Delmarva Report”) (August 19, 2020).

⁵ Maillog No. 231467: Southern Maryland Electric Cooperative, Inc.’s Q1/Q2 2020 Semi-Annual EmPOWER Maryland Report (“SMECO Report”) (August 14, 2020).

⁶ Maillog No. 231503: Washington Gas Semi-Annual EmPOWER Maryland Report for the Period of January 1 – June 30, 2020 (“WGL Report”) (August 17, 2020).

Electric Utilities, “the Utilities”), and the Maryland Department of Housing and Community Development (“DHCD”).⁷

2. The Commission reviewed the comments pertaining to the semi-annual reports as filed by the Commission’s Technical Staff (“Staff”),⁸ the Office of People’s Counsel (“OPC”),⁹ the Maryland Energy Administration (“MEA”),¹⁰ and the Maryland Energy Efficiency Advocates (“MEEA”).¹¹

3. The Commission also reviewed filings pertaining to the evaluation, measurement, and verification (“EM&V”) of the Electric Utilities’,¹² WGL’s,¹³ and DHCD’s¹⁴ 2018-2019 EmPOWER Programs.

4. The filings analyzed the performance of the Utilities’ and DHCD’s portfolios for the first half of the 2020 program year, offered recommendations for programmatic improvements, provided EM&V data pertaining to the 2018-2019 Program Year, and requested approval and direction from the Commission regarding future programming. The October 26 hearing provided supplemental information on the written filings, thereby

⁷ Maillog No. 231488: Department of Housing and Community Development EmPOWER Maryland Limited Income Programs Semi-Annual Report Q1/Q2 2020 (“DHCD Report”) (August 14, 2020).

⁸ Maillog No. 232039: Comments of the Public Service Commission Staff 2020 Semi-Annual EmPOWER Maryland Programmatic Reports for the First and Second Quarters (“Staff Comments”) (October 5, 2020).

⁹ Maillog No. 232049: Q1/Q2 2020 EmPOWER Semi-Annual Reports Comments (“OPC Comments”) (October 6, 2020).

¹⁰ Maillog No. 232035: Maryland Energy Administration Comments on the EmPOWER Maryland Semi-Annual Reports January 1, 2020 through June 30, 2020 (“MEA Comments”) (October 5, 2020).

¹¹ Maillog No. 232037: The Maryland Energy Efficiency Advocates’ Comments on the EmPOWER Maryland Q1-Q2 2020 Semi-Annual Reports filed by the Utilities and the Department of Housing and Community Development (“MEEA Comments”) (October 5, 2020).

¹² Maillog No. 232242: EmPOWER Maryland 2019 Cost-Effectiveness Results with Appendices, Verification of the 2019 EmPOWER Electric Energy Efficiency Program Impact and Cost-Effectiveness Evaluations, and Overview Memo of the Calendar Year 2019 Deliverables.

¹³ Maillog No. 232237: Verification of the 2019 Washington Gas & Light Energy Efficiency Impact and Cost-Effectiveness Evaluations, Washington Gas Maryland: 2019 Cost-Effectiveness Report, and Washington Gas Maryland: 2019 Impact Evaluation Report.

¹⁴ Maillog No. 232239: Verification of the 2018 2019 Department of Housing and Community Development Energy Efficiency Impact and Cost-Effectiveness Evaluations and DHCD Low-Income Energy Efficiency Program Evaluation Report.

assisting the Commission with providing the directions and decisions contained in this Order.

EM&V

5. Itron, the Commission’s Independent Evaluator, conducted a verification analysis of the program findings put forth by the EmPOWER Maryland statewide evaluation team, and recommends that a modification be made to the caps on assumed lives of LED products.¹⁵ Itron noted that the evaluation team estimated that fewer than one-fifth of the lamp sales being incentivized through the 2019 upstream lighting program were induced by the EmPOWER program, meaning that four-fifths of the EmPOWER lighting program incentives were paid to customers who would have purchased the lamps even without the incentives. The Itron team recommends that future evaluations cap the assumed lives for all LED upstream lamps at no more than four years and assume zero savings after that time. Itron also recommends that the caps for individual lighting product types should be decided by a stakeholder working group.¹⁶

6. In recognition of the goal to avoid free-ridership, the Commission approves the Itron recommendation to cap the assumed lives for all LED upstream lamps at no more than four years and to assume zero savings after that time. The Commission also assigns the matter of determining caps for individual lighting product types to the EM&V Work Group, and directs the Work Group to file its determination and a status update on such efforts by April 15, 2021.

¹⁵ Staff Comments, page 9.

¹⁶ Itron recommends that the work group be informed by “modeling and transparent assumptions related to the stickiness of future purchases.” *Id.* at 9 and 10.

Reporting

7. OPC made several recommendations regarding modifications to the reports filed by the Utilities and DHCD.¹⁷ In recognition of the importance of consistency and transparency in EmPOWER reporting, the Commission affirms some of those recommendations, as discussed below, and directs that certain reporting modifications be made for all future semi-annual reports, beginning with the 2021-2023 program cycle.

8. Specifically, PE is to report natural gas savings; DHCD is to report natural gas and electric savings to allow for the evaluation of total participant savings across the Utilities; the Utilities are to perform consistent smart thermostat reporting, both in table structure and program name formatting; and the Utilities are to uniformly report the results of their behavior programs. These additional reporting requirements serve the public interest by providing increased transparency regarding the effectiveness of EmPOWER programs.

9. The Commission also directs the EmPOWER Reporting and Process Improvement (“ERPI”) Work Group work with the Utilities and DHCD to make the necessary reporting modifications to ensure that changes are incorporated for all future semi-annual reports, beginning with the 2021-2023 program cycle. The ERPI Work Group is directed to file a status report outlining its efforts and progress by April 15, 2021.

¹⁷ See, e.g., OPC Comments, pages 14, 15, 30, and 31.

COVID-19

10. In Order No. 89563, the Commission recognized the onset of COVID-19 and its potential impact on EmPOWER programs.¹⁸ In the Order, the Commission declined to issue directives pertaining to the use of unspent funds resulting from COVID-19-related work stoppage, the adjustment from in-person to virtual measures and trainings, and the implementation of emergency loans, among other things.¹⁹ The Commission recognized the importance of the issues raised, but found it premature to provide direction on such matters, given the lack of information presented to the Commission and the impact of the pandemic at that time. The Commission directed the Utilities and DHCD to include proposals for the use of unspent funds due to COVID-19 in the Q1/Q2 reports for 2020.

11. These reports, considered at the semi-annual hearing held on October 26, 2020, discussed several measures taken by the Utilities and DHCD in order to adjust to COVID-19 limitations, the challenges and successes of continuing to produce energy savings during the pandemic, and the difficulty of determining unspent funds that can be attributed to COVID-19. The Commission finds that the Utilities and DHCD quickly adjusted their programming during the pandemic to serve their customers and the goals of EmPOWER. Given that COVID-19 remains an ongoing public health crisis, the Commission is hopeful that the Utilities and DHCD will continue to assess and adjust their programs, as necessary. The Utilities and DHCD are directed to include in their Q3/Q4 reports for 2020 details regarding impacts and modifications to their respective programs due to COVID-19.

¹⁸ Maillog No. 230566: Order No. 89563 (June 3, 2020), pages 11 and 12.

¹⁹ *Id.* at 14.

COVID-19 Surcharge Proposal

12. The EmPOWER Utilities proposed a new two-step method for reconciling the EmPOWER surcharge in their semi-annual reports. In the first step, the difference is calculated between the costs eligible for recovery and the revenues collected through the surcharge. For each customer class, if the entire imbalance is in favor of the customer, then the imbalance will be used to offset any increase for the next year in the surcharge. In the second step, if any imbalance remains after the offset, it will be applied to the unamortized balance.²⁰

13. The Commission agrees with Staff's recommendation that a comparison of the proposal with the current surcharge process is warranted to understand the impact the customer bills before a final decision is made.²¹ Therefore, the Commission directs the EmPOWER Utilities to file a comparison of the current surcharge reconciliation methodology and the COVID-19 proposal by December 11, 2020, for consideration at an Administrative Meeting.

IT IS THEREFORE, this 25th day of November, in the year Two Thousand Twenty, by the Public Service Commission of Maryland,

ORDERED: (1) That the Itron recommendation to cap the assumed lives for all LED upstream lamps at no more than four years, and to assume zero savings after that time, is approved;

²⁰ BGE Report, page 7.

²¹ Maillog No. 231480: EmPOWER Cost Recovery Work Group Report ("Cost Recovery Report") (August 14, 2020), page 13.

(2) That the EM&V Work Group is directed to determine caps for individual lighting product types, and to provide the Commission with a status report on its efforts and progress by April 15, 2021;

(3) That PE is to report its natural gas savings in all future semi-annual reports, beginning with the 2021-2023 program cycle;

(4) That DHCD is to report its natural gas and electric savings in all future semi-annual reports, beginning with the 2021-2023 program cycle;

(5) That the Utilities are to provide consistent smart thermostat reporting, both in table structure and program name formatting, in all future semi-annual reports, beginning with the 2021-2023 program cycle;

(6) That the Utilities are to uniformly report the results of their behavior programs in all future semi-annual reports, beginning with the 2021-2023 program cycle;

(7) That the ERPI Work Group is directed to work with the Utilities and DHCD to address and facilitate the reporting modifications noted in this Order;

(8) That the ERPI Work Group is directed to file a status report outlining its reporting modifications efforts and progress by April 15, 2021;

(9) That the Utilities and DHCD are directed to include in their Q3/Q4 reports for 2020 details regarding impacts and modifications to their respective programs due to COVID-19; and

(10) That the EmPOWER Utilities are directed to file a comparison of their surcharge proposal with the current methodology for reconciling the surcharge by December 11, 2020.

/s/ Jason M. Stanek _____

/s/ Michael T. Richard _____

/s/ Anthony J. O'Donnell _____

/s/ Odogwu Obi Linton _____

/s/ Mindy L. Herman _____

Commissioners