ORDER NO. 89679

2021 – 2023 EmPOWER Maryland Program	*	BEFORE THE PUBLIC SERVICE COMMISSION OF MARYLAND
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	*	CASE NO. 9648
	*	

Issue Date: December 18, 2020

ORDER AUTHORIZING TRANSITION TO 2021-2023 PROGRAM CYCLE

1. In this Order, the Commission authorizes the transition to the next three-year program cycle for EmPOWER Maryland, and approves various proposals by the program administrators to continue operating the core energy efficiency programs in 2021-2023, subject to conditions. The Commission also approves several new programs, pilots, and enhancements to the suite of energy efficiency portfolios, as discussed below. This Order benefits the public interest by encouraging continued innovation in EmPOWER Maryland's program offerings, which can result in reduced energy consumption, long-term customer savings, avoided investments in energy transmission and distribution infrastructure, and environmental benefits.

I. Background

2. On October 26-29, 2020, the Commission held a virtual, legislative-style hearing in the above-captioned case to review, *inter alia*, the 2021-2023 EmPOWER Maryland

program cycle proposals filed by The Potomac Edison Company ("Potomac Edison"),[1] Baltimore Gas and Electric Company ("BGE"),[2] Potomac Electric Power Company ("Pepco"),[3] Delmarva Power & Light Company ("Delmarva"),[4] Southern Maryland Electric Cooperative, Inc. ("SMECO")[5] (collectively, "Electric Utilities"), Washington Gas Light Company ("WGL")[6] (collectively, along with the Electric Utilities, "Utilities"), and the Maryland Department of Housing and Community Development ("DHCD").[7]

3. In addition to the program cycle proposals ("Plans") filed by the Utilities and DHCD, the Commission also reviewed comments on the Plans as filed by Schneider Electric North America,[8] the Building Performance Association ("BPA"),[9] the Maryland Office of People's Counsel ("OPC"),[10] the Maryland Energy Efficiency Advocates'

[1] Maillog No. 231681: The Potomac Edison Company Energy Efficiency and Conservation Plan for the period January 1, 2021 through December 31, 2023 ("Potomac Edison Plan") (September 1, 2020).

[2] Maillog No. 231706: Baltimore Gas and Electric Company 2021-2023 EmPOWER Maryland Program Filing ("BGE Plan") (September 1, 2020).

[3] Maillog No. 232107: Potomac Electric Power Company's 2021-2023 EmPOWER Maryland Program Filing ("Pepco Plan") (October 9, 2020).

[4] Maillog No. 231696: Delmarva Power & Light Company's 2021-2023 EmPOWER Maryland Program Filing (Delmarva Plan") (September 1, 2020).

[5] Maillog No. 231702: Southern Maryland Electric Cooperative's Demand-Side Management EmPOWER Maryland 2021-2023 Plan ("SMECO Plan") (September 1, 2020).

[6] Maillog No. 231684: Washington Gas EmPOWER Maryland Energy Efficiency Programs 2021-2023 ("WGL Plant") (September 1, 2020).

[7] Maillog No. 231674: Department of Housing and Community Development 2021-2023 EmPOWER Maryland Program Limited Income Program Plan ("DHCD Plan") (August 31, 2020); Maillog No. 232446: Points of Clarification Relating to Department of Housing and Community Development's 2021-2023 EmPOWER Maryland Limited Income Program Plan ("DHCD Clarification") (November 2, 2020).

[8] Maillog No. 232166: Schneider Electric North America Comments on the 2021-2023 EmPOWER Maryland Plans ("Schneider Comments") (October 14, 2020).

[9] Maillog No. 232193: The Building Performance Association Comments on the 2021-2023 EmPOWER Maryland Plans ("BPA Comments") (October 15, 2020).

[10] Maillog No. 232196: The Office of People's Counsel Comments on the 2021-2023 EmPOWER Maryland Plans ("OPC Comments") (October 15, 2020).

("MEEA"),[11] the Maryland Energy Administration ("MEA"),[12] Mainspring Energy, Inc. ("Mainspring"),[13] Public Service Commission Technical Staff ("Staff"),[14] Dandelion Energy,[15] the Geothermal Association of Maryland ("GAM"),[16] Lennar,[17] the Apartment and Office Building Association of Greater Washington ("AOBA"),[18] and Bloom Energy Corporation ("Bloom Energy").[19]

4. Pursuant to the Commission's September 8, 2020 Notice,[20] the Commission also considered the Report on Financing Proposals for the 2021-2023 EmPOWER Maryland Program Cycle,[21] the Report on Estimated Useful Life for the Conservation Voltage Reduction ("CVR") Program[22] and the Exelon Utilities' comments thereon,[23] the Report

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[11] Maillog No. 232197: The Maryland Energy Efficiency Advocates' Comments on the EmPOWER Maryland 2021-2023 Program Plans as filed by EarthJustice ("MEEA Comments") (October 15, 2020).

[12] Maillog No. 232198: The Maryland Energy Administration Comments on EmPOWER Maryland 2021-2023 Program Cycle Proposals and Comments on Work Group Reports ("MEA Comments") (October 15, 2020).

[13] Maillog No. 232199: Mainspring Energy Inc.'s Comments on the 2021-2023 EmPOWER Maryland Plans ("Mainspring Comments") (October 16, 2020).

[14] Maillog No. 232207: Comments of the Public Service Commission Staff ("Staff Comments") (October 16, 2020); Maillog No. 232346: Errata to Comments of the Public Service Commission Staff ("Staff Errata") (October 28, 2020).

[15] Maillog No. 232218: Comments from Dandelion Energy on the 2021-2023 EmPOWER Maryland Plans ("Dandelion Comments") (October 16, 2020); Maillog No. 232491: Response to Hearing Question for Dandelion Energy ("Dandelion Response") (November 5, 2020).

[16] Maillog No. 232219: Geothermal Association of Maryland Comments on the 2021-2023 EmPOWER Maryland Plans ("GAM Comments") (October 16, 2020).

[17] Maillog No. 232228: Lennar Comments (October 19, 2020).

[18] Maillog No. 232339: Apartment and Office Building Association of Greater Washington Comments on the Projected 2021-2023 EmPOWER Plans ("AOBA Comments") (October 27, 2020).

[19] Maillog No. 232543: Bloom Energy Corporation Supplementary Comments ("Bloom Comments") (November 10, 2020).

[20] Maillog No. 231757.

[21] Maillog No. 232018: Finance Work Group Report (October 1, 2020).

[22] Case No. 9494, *In the Matter of the EmPOWER Maryland 2018-2020 Energy Efficiency, Conservation, and Demand Response Program Plans Pursuant to the EmPOWER Maryland Energy Act of 2008*. Maillog No. 231031: Estimated Useful Life for Conservation Voltage Reduction Program by the Evaluation Measurement and Verification Work Group ("CVR EUL Report") (July 6, 2020).

[23] Case No. 9494. Maillog No. 232191: Exelon Utilities Joint Filing on the Estimated Useful Life for the Conservation Voltage Reduction Program Report ("Exelon CVR Comments") (October 15, 2020).

on the Exelon Utilities' CVR Savings Methodologies,[24] the Cost Recovery Work Group Report,[25] the Joint Utilities comments thereon,[26] MEA's Program Cost Analysis,[27] DHCD's Maryland Energy Efficiency Tune-Up ("MEET") Report,[28] and responses to bench data requests.[29]

5. At the Hearing, the Commission also received public testimony from other interested parties.

II. 2021-2023 EmPOWER Program Proposals

A. Reporting

6. In its analysis of the three-year program cycle Plans proposed by the Utilities and DHCD, Staff reported metrics[30] that it explained, "may not directly match those presented in the Plans; however, these adjustments are necessary for uniform reporting and analysis purposes."[31] In order to ensure that reporting methods are consistent among all EmPOWER reports, Staff recommended that the changes incorporated into its analysis

[24] Case No. 9494. Maillog No. 231031: Review of Exelon Utilities' CVR Savings Methodologies ("Exelon CVR Savings Report") (July 6, 2020).

[25] Case No. 9494. Maillog No. 231480: EmPOWER Cost Recovery Work Group Report ("Cost Recovery Report") (August 14, 2020).

[26] Case No. 9494. Maillog No. 231522: EmPOWER Maryland Utility Joint Filing in Response to the Cost Recovery Work Group Report ("Joint Response to Cost Recovery Report") (August 18, 2020).

[27] Maillog No. #232198: EmPOWER Program Cost Analysis Prepared for the Maryland Energy Administration ("MEA Cost Analysis") (October 15, 2020).

[28] Case No. 9494. Maillog No. 231332: DHCD Maryland Energy Efficiency Tune-Up Pilot Evaluation Report ("MEET Report") (July 31, 2020).

[29] Maillog No. 232404: Potomac Edison Response to Hearing Question (October 30, 2020); Maillog No. 232588: BGE Response to Bench Data Request (November 13, 2020); Maillog No. 232598: Delmarva and Pepco Data Response (November 13, 2020); Maillog No. 232599: SMECO Response to Bench Data Request (November 13, 2020); and Maillog No. 232618: WGL Responses to Hearing Questions (November 16, 2020).

[30] Metrics refers to costs, participants, measures, energy savings (MWh), demand savings (MW), and therm savings.

[31] Staff Comments at 2.

be reflected in the Energy Savings ("ES") tables filed by the Utilities and DHCD after the issuance of this Order. Specifically, Staff proposes the following:

1. Expenditures for the Behavior, Dynamic Pricing, and CVR programs, if applicable, are to be summed;

2. All Demand Response ("DR") Data is to be reported at the program-to-date level across all program years to represent the total amount of devices and demand that can be called upon for a DR event;

3. Any DHCD data included by the Utilities in their ES Tables is to be subtracted from the totals;
4. Participant numbers for Other programs are not to be included; and

5. Data included in the analysis shall only be for 2021-2022.[32]

The Commission has long held that consistency and uniformity are of the utmost importance in EmPOWER reporting. The ability to compare standardized data is paramount to obtaining accurate, dependable cost, savings, and participation results. The Commission approves Staff's reporting recommendations as noted above and directs the Utilities and DHCD to modify their ES table templates accordingly.

7. OPC and MEEA also proposed several recommendations regarding the reporting procedures of the Utilities and DHCD.[33] The Commission supports the goals of improvement and transparency but will not direct any additional reporting modifications at this time to allow for additional consideration. Accordingly, the Commission directs the EmPOWER Reporting and Process Improvement ("ERPI") Work Group to evaluate these reporting recommendations, as well as the costs to achieve the modified reporting.

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[32] *Id.*
[33] OPC Comments at 31-35; MEEA Comments at 6.

The ERPI Work Group is directed to file an initial status report on its findings and actions by April 15, 2021.

B. <u>Budget and Incentive Flexibility</u>

8. The Commission previously granted the Utilities certain budget and incentive flexibility for EmPOWER programs in the residential and commercial and industrial ("C&I") portfolios without requiring prior Commission approval. Specifically, the Commission authorized the Utilities to reallocate previously approved incentive funds among C&I programs, and to operate with a C&I incentive structure in which the standardized incentive levels are "up to $X" amounts, rather than prescribed rebate values.[34] The Commission later authorized the utilities to change C&I incentives within the approved "up to $X" amounts without Commission approval, while continuing to require Commission approval for any incentive increases above the "up to $X" amounts."[35] The Commission also granted the Utilities the ability to reallocate up to 15% of previously approved funds among residential programs, subject to 10 days of advance notice to Staff and reflection of the reallocation in the subsequent semi-annual report, as well as the ability to adjust incentive amounts by up to 15% and the flexibility to describe and award residential customer incentives in "up to $X" amounts.[36]

9. Potomac Edison requests that the Commission continue the budget and incentive flexibility from the 2018-2020 cycle into the 2021-2023 cycle.[37] Potomac Edison also requests that the Commission extend: (1) the residential program flexibility of

[34] Order No. 87575 at 16 and 17 (May 26, 2016).
[35] Order No. 89189 at 12 and 13 (July 11, 2019).
[36] Order No. 88514at 9 and 10 (December 22, 2017).
[37] Potomac Edison Plan at 10.

reallocating up to 15% of the approved budgets within programs to the C&I budget and programs; and (2) the C&I program flexibility where utilities may increase incentives by any amount within the "up to" range, to the residential incentives.[38]

10. Since the existing budget and incentive flexibility allow the Utilities to adjust for market conditions in a timely and efficient manner, the Commission approves the request to continue the current budget and incentive flexibility into the 2021-2023 cycle. The Commission also approves the request for C&I programs to mirror the budget reallocation flexibility of the residential programs, and the request to allow Utilities to increase residential incentives within the "up to" range as has been allowed with C&I incentives. The Commission finds that such flexibility may allow the Utilities to better address the needs of its programs as well as its customers, while remaining subject to appropriate limitations.

11. Pepco and Delmarva propose the introduction of limited-time offer incentive enhancements in its C&I programs, excluding Custom and Combined Heat and Power (CHP), of up to 15% above the current incentive levels offered for no longer than 12 consecutive weeks, without Commission approval.[39] The Commission recognizes that such enhancements have the potential to induce participation in specific sectors or measure types, and therefore approves the proposal, subject to the requirements that Staff is notified no less than 10 days prior to implementing an enhancement and the impacts of the enhancements are included in the semi-annual reports. The Commission extends the

[38] *Id*. at 10 and 11.
[39] Delmarva Plan at 19; Pepco Plan at 21.

authorization to implement such enhancements, subject to the noted requirements, to all the Utilities.

12. OPC recommends that the Commission provide the Utilities with the flexibility to implement appropriate tier level changes in conjunction with ENERGY STAR specification changes and evaluation findings without having to file for permission.[40] The Commission approves this recommendation, finding that it will allow the Utilities to respond quickly to specification updates, while the Utilities' commitments to coordinate on the standardization of rebate levels and eligibility tiers will support the desired goals of uniformity and consistency.

C. EmPOWER Surcharge Impacts

13. Staff presented the Commission with a comprehensive view of the Utilities' projected surcharge increases over the course of the 2021-2023 cycle.[41] Staff expressed concern that the Plans as proposed by the Utilities will result in a surcharge increase of 30% for some residential customers, while doubling for some C&I customers.[42] These increases are inconsistent with more gradual impacts ratepayers historically have experienced. The Commission agrees with Staff's assessment that the Plans may need to be adjusted during the three-year cycle, effectively acknowledging that energy savings goals may be missed to mitigate rapidly increasing surcharges. Therefore, the Commission directs Staff to track utility spend on the EmPOWER programs, report findings, and make recommendations related to surcharge increases in its semi-annual comments on the EmPOWER programs.

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[40] OPC Comments at 53-54.
[41] Staff Comments at 5-11.
[42] *Id*. at 7 and 11.

D. Program Evaluation, Measurement, and Verification

14. The current Evaluation, Measurement, and Verification ("EM&V") model includes two evaluators, a Statewide Evaluator and a Commission Evaluator. This method of delivering comprehensive evaluation, verification, and cost-effectiveness reports has worked well for the EmPOWER program in the past, leading the Commission to determine that it will remain the EM&V model for the 2021-2023 program cycle.

15. BGE and SMECO are currently conducting a Behavioral Disaggregation pilot using advanced metering infrastructure ("AMI') that allow real-time data to be transmitted to the respective utility and corresponding recommendations to be communicated to its customers.[43] In addition, several utilities provide or plan to provide opt-in notices and alerts, such as high usage and weekly usage reports to customers.[44] While several of the Utilities commit to using the results of the Behavioral Disaggregation pilot to enhance engagement and awareness of EmPOWER in the 2021-2023 cycle, the Commission finds that this AMI data should also be of value to the EM&V process. Specifically, the Commission is interested in how the Utilities can incorporate the results of the Behavioral Disaggregation pilot into the EM&V process for other programs. Therefore, the Commission directs the EM&V Work Group to file a report by October 15, 2021 regarding the incorporation of pilot results into the evaluation, verification, and cost-effectiveness analyses of the EmPOWER programs, in consultation with the Statewide and Commission Evaluators.

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[43] Maillog No. 231481: BGE 2020 Mid-Year EmPOWER Maryland Report for January 1 through June 30, 2020 (August 18, 2020); Maillog No. 231467: SMECO Q1/Q2 2020 Semi-Annual EmPOWER Maryland Report (August 14, 2020).
[44] BGE Plan at 79 and 144; Delmarva Plan at 43 and 77; Pepco Plan at 44 and 76; WGL Plan at 29.

16. Historically, the EmPOWER programs have focused primarily on the Total Resource Cost ("TRC") test as the key predictor of cost-effectiveness. In 2017, revised statutory requirements dictated that the Commission consider cost-effectiveness by utilizing the TRC test as well as the Societal Cost Test ("SCT").[45] EmPOWER has always been intended to provide benefits to participants and non-participants alike, and the use of the SCT ensures that benefits that accrue to all Marylanders, such as reduced air pollution and the corresponding reductions in adverse health effects, are part of the assessment for cost-effectiveness. The results of both tests are provided in the annual cost-effectiveness reports, and the Commission wants all stakeholders to weigh those results equally in program design and implementation decisions. The Commission therefore directs EM&V evaluators to continue to utilize the TRC and SCT for the 2021-2023 program cycle.

17. Dandelion Energy and the Geothermal Association of Maryland requested that the Commission update its cost-effectiveness testing to account for carbon reduction and savings from all fuel sources in order to reward each EmPOWER measure's contribution to the State's carbon reduction goals.[46] This request is consistent with the previously stated statutory directive regarding utilization of the SCT, which includes broader societal impacts, including climate benefits. As stated by Dandelion, since customers often

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[45] "In determining whether a program or service encourages and promotes the efficient use and conservation of energy, the Commission shall consider the: (i) cost-effectiveness of the residential sector subportfolio and the commercial and industrial sector subportfolio by utilizing: 1. The total resource cost test in order to compare the electricity savings and demand reduction targets of the program or service with the results of similar programs or services implemented in other jurisdictions, including: A. participant nonenergy benefits; and B. utility nonenergy benefits; and 2. The societal cost test in order to determine whether cost-effectiveness requirements will be met prospectively, including: A. participant nonenergy benefits; B. utility nonenergy benefits; and C. societal nonenergy benefits. Public Utilities Article ("PUA") *Annotated Code of Maryland,* § 7-211(h)(7)(i)(1).

[46] Dandelion Comments at 2; GAM Comments at 2.

choose between electric, natural gas, fuel oil, propane and even wood stoves for their heating technology, a cost savings analysis should include all these alternatives.[47] The Commission supports the consideration of all fuel savings as part of future cost-effectiveness analyses and notes that such savings are already included in several electric program analyses.[48]

18. The Commission seeks additional information from the EM&V Work Group on how all fuel savings currently are used in the various EM&V analyses and the subsequent impacts on program design. Accordingly, the Commission directs the EM&V Work Group to determine what, if any, modifications need to be made to account for savings from all fuel sources and report to the Commission by October 15, 2021.

E. Future EmPOWER Goals

19. The current goal structure for EmPOWER is mandated by legislation through the end of the 2021-2023 program cycle, when EmPOWER is currently scheduled by statute to sunset. The Commission is required to provide the General Assembly with recommendations on future goals and cost-effectiveness tests by July 1, 2022.[49] Several parties made recommendations as to how the Commission should plan to continue the EmPOWER programs after this cycle, with many advocating for the establishment of a

[47] Dandelion Comments at 9.
[48] Maillog No. 232242: Verification of the 2019 EmPOWER Electric Energy Efficiency Program Impact and Cost-Effectiveness Evaluations (October 20, 2020).
[49] PUA § 7-211.

work group to address the goals for future EmPOWER cycles.[50]

20. The Commission agrees that the formation of a future programming work group is the most comprehensive and efficient way to ensure that upcoming EmPOWER cycles are well-informed and fully developed. The work group will be led by a Public Utility Law Judge and will consider the parties' proposals in the 2021-2023 Plans and comments thereon, which include but are not limited to, a new goal structure, general energy reduction, customer bill impacts, greenhouse gas reduction, promoting electrification, and state climate action plan coordination. The work group is directed to convene at the start of the 2021-2023 program cycle and develop a plan and timeline to be filed with the Commission by April 15, 2021. The work group is directed to file final recommendations by April 15, 2022 so as to allow time for the Commission and stakeholders to consider the work group's findings prior to the Commission reporting any recommendations to the General Assembly.

F. <u>Financing Programs</u>

21. In Order No. 89189, the Commission directed the Finance Work Group to continue working on off-bill financing, energy services agreements, and tariff-based financing proposals for its consideration, for the 2021-2023 program cycle.[51] Staff filed the Finance Work Group Report on October 1, 2020.[52] Several financing programs including BeSMART, PAY's, and SEAL were discussed in the Report and at the

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[50] Staff recommended that the Commission "provide guidance to stakeholders on how [it] will proceed with developing the new goal structure in the first quarter of 2021." Staff Comments, at 13; OPC and BPA recommended that the Commission initiate a planning process with a clear objective, third-party expertise or facilitation, and a timetable that concludes in fall 2022. OPC Comments at 16 and 17, and BPA Comments, at 2; BGE recommended that the Commission establish a work group to make recommendations on goal-setting for EmPOWER beyond 2023. BGE Plan at 21.

[51] Order No. 89189 (July 11, 2019 at 19.

[52] Finance Work Group Report at 14.

Hearing.[53] At the present time, the Commission finds an off-bill program proposal put forward by the Maryland Clean Energy Center ("MCEC") and Montgomery County Green Bank ("MCGB") to be a financing mechanism that is the most compatible with the EmPOWER Program.

22. The MCEC Pilot Program is a three-year pilot proposing to use ratepayer funds to provide limited credit enhancements and lower interest rates for customers for unsecured consumer loans backed by banks, credit unions, community development financial institutions, and non-profit organizations.[54] The program would be Statewide, involve relatively low initial funding, offer lower interest rates than current competitors, and cover the cost of projects in full.[55] The Commission notes these and other promising aspects of the MCEC Pilot Program, but it finds that the program is not fully developed at this time to warrant approval.

23. The Commission refers the matter of further development of the MCEC Pilot Program to the Finance Work Group, with attention to the following issues, among others: (1) how the MCEC Pilot Program proposes to report its financing activity; (2) how it plans to service all territories equitably; (3) how lines of accountability and jurisdiction will be clearly defined; (4) the exact amount and source of EmPOWER funds required for the Program; and (5) how the Program plans to ensure that the funds will be used only towards energy efficiency measures. The Finance Work Group is also directed to consult with MEA to determine whether MEA is better able to administer the MCEC Pilot Program, crediting the savings back to the EmPOWER Program by disaggregating

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[53] *Id*. at 13 and 14.
[54] *Id*. at 3.
[55] *Id*. at 3-5.

it to the Utilities.[56] The Commission directs the Finance Work Group to file a report on its findings and a final MCEC Pilot proposal for the Commission's consideration by April 15, 2021.

24. The Commission directs the Utilities to continue to explore the benefits and costs of tariff-based financing, and to continue their efforts promoting financing offers with their vendors and DHCD's BeSMART program. Future semi-annual reports should contain information pertaining to the Utilities' efforts and findings in this area.

G. Conservation Voltage Reduction

25. In recent years, Conservation Voltage Reduction ("CVR") Programs have accounted for a significant portion of BGE, Delmarva, and Pepco's (hereinafter, "Exelon Utilities")[57] savings towards goal.[58] In response to concerns expressed by MEEA regarding the appropriateness of the estimated useful lifetime ("EUL") Exelon Utilities used to arrive at their CVR savings,[59] the Commission directed the EM&V Work Group to consider whether an assessment of the appropriate EUL for CVR savings should be performed.[60] The Work Group filed its response on July 6, 2020, noting that an assessment was performed. A consensus could not be reached, however, regarding the appropriate EUL for CVR measures.[61] Exelon Utilities filed comments on October 15, 2020 in support of their current treatment of the EUL.[62]

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[56] MEA stated that it has discussed the MCEC Pilot Program to identify how the program might complement the MEA portfolio. *Id*. at 11.

[57] Exelon Utilities are the only EmPOWER Utilities that currently offer CVR in the 2018-2020 program cycle, and plan to offer CVR in the 2021-2023 program cycle.

[58] Staff Comments at 146.

[59] Maillog No. 228650 (February 18, 2020).

[60] Order No. 89563 (June 3, 2020 at 5 and 6.

[61] CVR EUL Report at 8.

[62] Exelon CVR Comments at 1.

26. Exelon Utilities use a one year EUL, resulting in previously installed CVR measures being continuously counted towards annual savings.[63] Exelon Utilities contend that this is appropriate and is reflected in their respective 2021-2023 Plans.[64] In support of their position, Exelon Utilities point out that, even after full implementation of CVR, the Utilities engage in field work and incur expenses to manage and maintain everything from software to equipment.[65] Unlike traditional energy efficiency projects where utilities have no control over measures once they are installed for customers, Exelon Utilities note that they maintain control over CVR operations for the life of the project.[66]

27. Staff argued that the determination of the EUL should be focused on the permanency of the CVR program, and therefore recommended that the EUL be matched to the plants' depreciation in rate base since that is the length of the incentive to run the CVR programs.[67] MEEA contends that CVR operating expenses are not incurred for the purpose of energy efficiency, and thus Exelon Utilities should utilize a multi-year EUL.[68] Neither OPC nor MEA took a position on the issue of the EUL, but they recommend that the Commission consider whether it is appropriate for Exelon Utilities to rely so heavily on CVR to achieve the statutory savings goal, and support further analysis of the CVR programs to determine the incremental costs and benefits.[69]

28. The Commission recognizes there are various positions on this issue, and notes that several questions remain unanswered since the EUL assessment. For example, it is

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[63] Staff Comments at 147.
[64] Exelon CVR Comments at 1.
[65] *Id*. at 2.
[66] *Id*.
[67] Staff Comments at 147 and 148.
[68] CVR EUL Report at 8.
[69] OPC Comments at 6; MEA Comments at 3, 4, and 18.

not clear why BGE has significantly higher operations and management ("O&M") expenses for the CVR Program than Pepco and Delmarva,[70] or whether Exelon Utilities are spending enough and appropriately each year to justify a one-year EUL.[71] It is undisputed, however, that a change in the EUL would significantly impact the 2021-2023 Plans presented by Exelon Utilities, likely resulting in missed savings goals and an increase in EmPOWER program costs to account for the loss of CVR credits. Since other determinations in this Order likely will increase the EmPOWER surcharge, the Commission will not modify the EUL for CVR at this time, in order to avoid a substantial increase to the surcharge. Instead, the Future Programming Work Group shall consider whether including CVR savings is appropriate for the next program cycle.

H. Cost Recovery

29. The Utilities finance capital necessary to support the EmPOWER programs and recover these funds through a monthly surcharge to customers. At the start of the EmPOWER Program, the cost recovery model was designed to minimize the impact of start-up expenses on ratepayers. The Commission directed EmPOWER Utilities to self-finance program costs through a 5-year amortization structure, subject to an approved rate of return ("ROR") on unpaid program costs. This cost recovery mechanism has remained unaltered over the course of the Program, leading to accumulated unamortized program costs that are now, inclusive of over $55 million in accrued interest, in excess of $820 million.[72]

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[70] CVR EUL Report at 4.
[71] Staff Comments at 147 and 148.
[72] MEA Cost Analysis at 3.

30. In preparation for the final three-year cycle of the existing EmPOWER mandate, it is important to recognize the magnitude of these uncollected program costs. The Commission previously directed the Cost Recovery Work Group to file a report on potential cost recovery reforms for the 2021-2023 program cycle.[73] In response, the April 15, 2019 Cost Recovery Report included recommendations from various stakeholders to change the ROR earned by the Utilities for the EmPOWER programs and to change the amortization period for the surcharge.[74] In Order No. 89189, the Commission directed the Cost Recovery Work Group to provide further information on the issues explored.[75] On August 14, 2020, the Work Group filed its Report,[76] with the Electric Utilities and MEA filing responses thereafter.[77]

31. In its most recent Report, the Work Group noted that it discussed the potential for using an alternative ROR for utility-related EmPOWER expenses. All Work Group participants, except for OPC, agreed that the utility weighted average cost of capital ("WACC") is the appropriate metric to use for the ROR.

32. The Work Group also discussed reducing the amortization of the Behavior Program costs from five years to one year, and the Utilities proposed reducing the amortization of their administrative costs to one year. All Work Group participants, except for OPC, agreed that expensing these costs rather than amortizing them over five

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[73] Maillog No. 223596 (January 19, 2019 letter order).
[74] Maillog No. 224774.
[75] Order No. 89189 (July 11, 2019) at 18.
[76] Maillog No. 231480: Cost Recovery Report.
[77] Maillog No. 231522: Joint Response to Cost Recovery Report; Maillog No. 232198: MEA Cost Analysis; Maillog No. 232404: Potomac Edison Response to Hearing Question; Maillog No. 232588: BGE Response to Bench Data Request; Maillog No. 232598: Delmarva and Pepco Data Response; Maillog No. 232599: SMECO Response to Bench Data Request.

years will reduce the amount of accumulating unamortized costs ratepayers owe.[78] OPC expressed concern that changing the amortization of the Behavior Program costs and the Utilities' administrative costs does not go far enough to address the issue of the remaining unamortized balance.[79]

33. The Work Group also reviewed proposals for Performance Incentive Mechanisms ("PIMs") from the Utilities and MEA but stated that it did not have enough time to reach a consensus.[80] The Utilities proposed a Shared Savings PIM in which a utility shares the net benefits produced after the utility achieved its energy savings goal. The percentage of the net benefits the utility earns would depend on the cost of the energy savings. The utility would earn more benefits by spending less to acquire the energy savings.[81] Staff stated concerns with the Shared Savings PIM proposal because it did not include penalties for poor performance and could potentially incentivize utilities to over-budget their programs.[82]

34. In the Cost Recovery Report, MEA proposed two Performance Improvement Measures ("PIMs"). The first PIM uses a 50/50 split between the customers and the utility of shared savings from the projected revenue requirement if the utility reduced its projected energy sales. There would be a floor ROR or a higher amount that the Commission could choose to apply to the unamortized balance. The second PIM rewards a utility for exceeding – or penalizes a utility for missing – its energy savings goal using

[78] Cost Recovery Report at 10.
[79] *Id*. at 11.
[80] *Id*. at 14.
[81] *Id*. at 14-15.
[82] *Id*. at 15.

ROR basis points.[83] In its separately filed Program Cost Analysis, MEA did not recommend approval of any PIMs for the 2021-2023 program cycle due to the uncertainty associated with COVID-19.[84]

35. The Commission is interested in minimizing ratepayer impacts over the life of the EmPOWER surcharge while appropriately incentivizing the achievement of the goals under the EmPOWER Act. One of the primary drivers of the discussion on cost recovery issues was the current state of emergency and economic crisis due to COVID-19. Because of the current circumstances, the stakeholders have expressed concern with the potential impact to the surcharge and customer bills, and the Work Group made every effort to minimize the surcharge and bill impacts. The Commission shares those concerns and supports taking steps over the 2021-2023 program cycle to reach those objectives. Therefore, the Commission approves the recommendations of the Work Group to continue using the weighted average cost of capital (WACC) as the rate of return (ROR) until the Commission considers, and possibly adopts an alternative recovery methodology, and to expense the program costs for the Utilities' Behavior Programs and administrative costs for the 2021-2023 program cycle. The Commission finds the analysis provided in MEA's EmPOWER Program Cost Analysis to be a useful tool in continuing the discussion on PIMs and future cost recovery for the EmPOWER programs. The Commission directs the Cost Recovery Work Group to discuss the PIM proposals included in MEA's Cost Analysis, and any others the Work Group finds appropriate, for the Commission's consideration. Specifically, the Commission directs

[83] *Id*. at 16.
[84] MEA Cost Analysis at 4.

the Work Group to focus on solutions to address the growing unamortized balance. The Cost Recovery Work Group is directed to file a status report on its progress no later than October 15, 2021, and a final report on PIM proposals for the Commission's consideration no later than April 15, 2022. The Cost Recovery Work Group is further directed to coordinate with the efforts of the Future Programming Work Group to ensure the PIM proposals align with the recommendations on future goals and cost effectiveness tests.

36. The Commission is also interested in investigating whether rate design programs can cost-effectively contribute to the EmPOWER suite of energy efficiency programs. As it becomes increasingly challenging to meet EmPOWER goals in a cost-effective manner, information on how distribution rates and innovative rate designs may encourage or discourage participation in EmPOWER programs could also help inform energy efficiency program designs. The Cost Recovery Work Group membership has the necessary expertise in the complexities of rate design, and therefore, the Commission directs the Cost Recovery Work Group to provide a report of rate design impacts on energy efficiency specific to Maryland. The report should include a literature review and rate design best practices for encouraging efficiency and other policy goals from other states. The Work Group should consider all components of the distribution charge and different rate structures, including time-varying, dynamic, and technology enhanced rates[85] in the report. The Commission further directs the Work Group to coordinate with the Future Programming Work Group and the Work Group's work on PIMs to ensure cost recovery aligns with these other efforts. The Work Group is directed to file a final

[85] This refers to a rate design plan that may include a technology feature, such as a smart meter, a gamification app, or a personalized email or text message.

report with conclusions and recommendations for whether rate design may advance energy efficiency goals and improve participation in EmPOWER by October 15, 2021.

I. Electric Programs

a. Residential Programs

37. Lighting Programs provide point-of-sale discounts on qualifying light bulbs to incentivize customers to purchase energy efficient lighting over less efficient measures. The Electric Utilities propose the continuation of their current Lighting Programs into their respective 2021-2023 program cycles, with differing modifications such as the inclusion of new measures like occupancy sensors and ceiling fans as well as expanded advertising and outreach.[86] Lighting Programs have historically had high customer participation and have been cost-effective, both of which are projected to continue in the upcoming cycle.[87] The Electric Utilities all report expected increases in their cost-to-achieve for the next program cycle.[88] The projected increases are modest, and likely the result of a combination of lower life cycle energy savings and the maturity of the program. The Commission approves the Lighting Programs as proposed and asks that the Electric Utilities consider the recommendations made by OPC to strengthen their respective programs.[89]

38. Appliance Rebate Programs offer instant, online, and paper rebates for the purchase of select ENERGY STAR products and appliances. The Electric Utilities proposed the continuation of their current Appliance Rebate Programs into their

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[86] Staff Comments at 62 and 63.
[87] *Id*.
[88] OPC Comments at 38.
[89] *Id*. at 45 and 46.

respective 2021-2023 program cycles, including modifications such as the addition of new measures and the targeting of specific appliance models that are more efficient than others.[90] Although the programs have struggled to be cost effective in the past, cost-effectiveness is forecast to increase in the 2021-2023 cycle.[91] Furthermore, the programs have the potential to provide deeper energy savings to customers and to take inefficient equipment off the grid. The Commission approves the Electric Utilities' Appliance Rebate Programs as proposed, subject to the decision regarding Potomac Edison's Consumer Electronics Program as stated below. The Commission encourages the Electric Utilities to consider the recommendations made by OPC and MEA to further improve their respective programs.[92]

39. Potomac Edison proposed the continuation of its current Consumer Electronics Program into its 2021-2023 program cycle. The Consumer Electronics Program provides incentives and support to retailers to promote and sell ENERGY STAR qualified consumer electronics.[93] It is unclear if the program has been achieving the desired outcome of increasing the purchase of higher efficiency products, or if consumer purchases are unrelated to, and would occur without, the program. Furthermore, energy savings from the program are projected to contribute only 0.2 percent of Potomac Edison's total for the 2021-2023 plan, and the program is not forecast to be cost-

[90] *Id*. at 50 and 51.
[91] Staff Comments at 66.
[92] OPC Comments at 53 and 54; MEA Comments at 6.
[93] Potomac Edison Plan at 64.

effective.[94] For that reason, the Commission rejects Potomac Edison's proposed Consumer Electronics Program.

40. Appliance Recycling Programs offer cash incentives to customers to properly dispose of old, inefficient appliances and remove them from the grid. The Electric Utilities proposed the continuation of their current Appliance Recycling Programs into their respective 2021-2023 program cycles.[95] Historically the programs have achieved high savings at low cost. While some decrease in cost-effectiveness is projected for the upcoming cycle, results similar to past cycles are expected. For that reason, the Commission approves the Electric Utilities' Appliance Recycling Programs, as proposed.[96]

41. Quick Home Energy Check-Up ("QHEC") Programs provide no-cost to customers energy walk-throughs, visual assessments, direct installation of simple energy efficient measures, and recommendations for future improvements by certified professionals. QHECs have been a staple of the EmPOWER Program since its inception and have been one of the more successful programs in both participation and energy savings.[97] QHEC Programs are proposed by Exelon Utilities and Potomac Edison for the 2021-2023 cycle, and are forecast to continue to be cost-effective.[98] Planned modifications for the upcoming cycle include an on-line audit option, virtual QHECs, and the allowance of second QHECs for return customers if certain criteria are met.[99]

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[94] Staff Comments, at 72 and 74.
[95] Potomac Edison Plan at 69.
[96] *Id*. at 70.
[97] Staff Comments at 77.
[98] Staff Comments at 78.
[99] BGE Plan at 53; Delmarva Plan at 32; Pepco Plan at 33 and 34; and Potomac Edison Plan at 76.

42. Home Performance with ENERGY STAR ("HPwES") Programs address energy efficiency, comfort, and air quality improvements to homes as a system by offering first an extensive home performance audit, then the installation of measures recommended as a result of the audit. The programs have been part of EmPOWER Maryland for the past five cycles, showing progressive participation and savings improvement over the years.[100] HPwES Programs are proposed by Exelon Utilities and Potomac Edison for the 2021-2023 cycle, with few modifications from the current programs, including Exelon Utilities' plan to offer program enhancements targeted to low and moderate-income customers through the use of an Energy Coach and/or higher incentives.[101]

43. SMECO proposed to continue its Home Energy Improvement Program ("HEIP") in the 2021-2023 cycle. The Program is similar to the QHEC and HPwES Programs in that it offers home energy analysis appointments and incentivized home retrofit upgrades, while also providing HVAC services such as system tune-ups and smart thermostat installations. The HEIP has shown steady improvement since its introduction in the 2018-2020 cycle and is forecast to continue to be cost-effective.[102]

44. The Commission approves the QHEC, HPwES, and HEIP proposals for the 2021-2023 program cycle, subject to certain conditions. Utilities considering offering a second QHEC to customers must develop a process to support energy savings verifications of the repeat QHECs. The Utilities are to offer HPwES incentives of $12-20 per lifetime electric MMBtu and $3-6 per lifetime natural gas MMBtu, consistent with WGL's Phase II Coordinated Program Plan. The HPwES Work Group is to convene to review the

[100] Staff Comments at 81.
[101] OPC Comments at 72.
[102] Staff Comments at 85.

various QHEC, HPwES, and HEIP offerings, with the goal of identifying the most successful practices and aligning the programs with a consistent, best-practice approach.[103] Rather than encourage participation by limited-income customers in the QHEC, HPwES program, and HEIP, the Electric Utilities should better coordinate with DHCD to ensure that customers who are eligible receive the no-cost services from DHCD instead of the utility measures.

45. HVAC programs are intended to encourage residential customers to install high efficiency HVAC equipment above national standards. They have been offered since the beginning of the EmPOWER Program, and the Electric Utilities all propose to continue their respective HVAC Programs into the 2021-2023 program cycle. While the HVAC Programs have historically had difficulty meeting forecasts and cost-effectiveness, it is still one of the few programs under the Residential portfolio that promotes deep energy savings.[104] The 2021-2023 HVAC programs are forecast to outperform the projections for the 2018-2020 HVAC programs in nearly every metric. In particular, Potomac Edison is expecting a large increase in participation and savings due to its addition of several new incentives.[105]

46. The Utilities proposed the addition of an HVAC tune-up program for the 2021-2023 program cycle, citing customer engagement and savings opportunities.[106]

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[103] "The EmPOWER utilities' 2021-2023 plans include widely varying approaches to QHEC and HPwES home energy audits. Some utilities appear to be offering smart thermostats for direct installation, while others do not. Some utilities are offering virtual assessments or virtual QHECs, while others do not. SMECO now offers a single point of entry into its Home Retrofit program through a Home Energy Analysis visit, while the other utilities plan to continue offering both a free QHEC visit and a $100 HPwES energy audit, despite the potential for customer confusion." OPC Comments at 71.

[104] Staff Comments at 87.

[105] *Id*. at 91.

[106] OPC Comments at 75.

Individually, WGL plans to offer HVAC tune-ups as part of its Existing Homes Program, SMECO will add the HVAC tune-up offering to its HEIP, and Delmarva, Potomac Edison and Pepco proposed the inclusion of HVAC tune-ups in their HVAC Programs. BGE is the only utility to propose a stand-alone HVAC Tune-Up Program. BGE's program is not forecast to be cost-effective.[107]

47. The Commission approves the Electric Utilities' HVAC Programs as proposed by the Utilities and expects that all the other utilities will monitor the new measures added to Potomac Edison's incentive list to see if they should include them in their programs, as well. The Commission rejects the requests to increase incentive amounts for geothermal heat pumps at this time. Given the availability of renewable energy credits ("RECs") for geothermal installations, the Commission finds that increasing incentive amounts could over-incentivize measures that are available. The Commission also rejects BGE's proposal for a stand-alone HVAC Tune-Up Program. It is unclear how or whether extending the life of existing equipment as an alternative to system replacement offers energy savings, and the program is not forecast to be cost-effective. The Commission directs BGE to provide the HVAC tune-up service as part of a larger program in keeping with the other utilities.

48. The Thermostat Optimization program encourages customers to purchase smart thermostats and have them managed by the Utilities to optimize their usage. The optimization is done through cloud-based technology that learns a user's behaviors and preferences, and accordingly adjusts the temperature throughout the day to maximize

[107] BGE Plan at 83.

comfort while producing energy savings.[108] The Electric Utilities are offering rebates through a variety of residential programs[109] for customers to purchase and install qualifying smart thermostats. Customers can enroll a smart thermostat after purchasing one with the utility rebate or utilize an existing thermostat to join the optimization track with their utility and receive a one-time enrollment incentive.[110] As smart homes and internet-connected devices continue to gain popularity, the Commission recognizes the value of smart thermostats in providing user-friendly devices that easily adapt to customer schedules. The Commission approves the continuation of the Electric Utilities' Thermostat Optimization Programs, with the programs being re-evaluated by the Utilities and stakeholders after the first year of savings due to the roll-out of third-party optimization services at no cost to customers.

49. The School Education Programs are designed to provide energy efficiency education as part of lesson plans with reinforcement of the behaviors learned through low-cost measures from an energy efficiency kit. Each of the Electric Utilities proposed similarly designed Schools Programs for the 2021-2023 program cycle, all of which appear to largely align with best practices found in other jurisdictions. The programs are forecast to be cost-effective for nearly all the Electric Utilities.[111] The Commission approves the School Education Programs proposed by the Electric Utilities. The Commission notes two particularly promising enhancements offered by SMECO: a

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[108] Staff Comments at 92.

[109] Potomac Edison has a Smart Thermostat offering as part of its HVAC Program. Delmarva and Pepco are offering Smart Thermostats through their respective Demand Response Programs. SMECO is offering Thermostat Optimization as part of its Home Retrofit Program. BGE is offering Smart Thermostat as a stand-alone program.

[110] Staff Comments at 93.

[111] *Id*. at 96.

coupon to SMECO's on-line store for each student participant that completes the curriculum's online quiz, and a capstone activity where students conduct a "school audit" to search for energy efficiency opportunities in their school based on what they learned. The Commission looks forward to SMECO's feedback on the impacts of these enhancements, as they may prove to be valuable additions to the other utilities' programs, as well.

50. Energy efficiency kits distribute low-cost energy efficiency measures as well as customer information to support proper installation of the measures and to inform them about other EmPOWER program offerings. Potomac Edison and SMECO proposed to continue their current Energy Efficiency Kit Programs into the 2021-2023 program cycle, with both programs projected to be cost-effective. Proposed enhancements to the programs include Potomac Edison's distribution of "Welcome Kits" that will include educational and promotional materials to customers moving into a residence within the Potomac Edison service territory,[112] and SMECO's inclusion in the kits of coupons for up to two LED outdoor bulbs that can be redeemed at its online store.[113] The Commission approves the Energy Efficiency Kit Programs as proposed by Potomac Edison and SMECO.

51. The Residential New Construction Programs are designed to encourage builders to meet Energy Star certifications for new homes constructed in the EmPOWER territories. They have been offered by BGE and SMECO since the beginning of the EmPOWER programs and by Potomac Edison, Delmarva, and Pepco since 2012. All the

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[112] Potomac Edison Plan at 84.
[113] OPC Comments at 126.

Electric Utilities include a Residential New Construction Program in their 2021-2023 Plans, with all programs forecast to be cost-effective.[114] Few changes are being proposed for the 2021- 2023 program cycle. The Commission approves the Electric Utilities' Residential New Construction Programs as proposed, except for the additional incentive for electric vehicle ("EV") pre-wiring offered by BGE, Delmarva, Pepco, and SMECO. The Commission recognizes this proposed measure as an attempt towards the stated goal of greater coordination between PC44 and EmPOWER, as well as providing a convenience for EV owners purchasing a new home. However, the Commission rejects without prejudice the utilities' proposals for EV prewiring incentives as no evidence has been presented to show that the measure is cost-effective or energy efficient, promotes conservation, is a demand-response measure or would otherwise incentivize customers to purchase EVs.

52. The Behavior-Based Programs are designed to motivate customers to reduce electricity consumption and alter usage behaviors through comparisons to a relevant peer group. Each of the Electric Utilities proposed the continuation of their existing Behavior Programs, with enhancements being planned by different utilities for the new program cycle. For example, BGE, Delmarva, and Pepco plan to add personalized video Home Energy Reports ("HERs"), and SMECO intends to deliver HERs through an in-house solution, thereby departing from the program's primary vendor, Oracle.[115] All Behavior-Based Programs are forecast to be cost-effective. The Commission approves the

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[114] Staff Comments at 100.
[115] OPC Comments at 109.

continuation of the Behavior-Based Programs by the Electric Utilities for the 2021-2023 program cycle.

53. The Dynamic Pricing Program offers rebates to customers for voluntarily reducing load during peak times. Customers are alerted to days on which they can earn rewards, typically the day prior to an event. Exelon Utilities proposed the continuation of their respective Dynamic Pricing Programs for the 2021-2023 program cycle, with no changes anticipated for the upcoming cycle.[116] BGE's program is forecast to be cost-effective.[117] The Commission approves the continuation of BGE, Delmarva, and Pepco's Dynamic Pricing Programs.

54. Delmarva and Pepco proposed the creation of a Community Energy Coach as a cross-portfolio enhancement. The Community Energy Coach will be responsible for developing a network of individuals and organizations active in the limited-income and moderate-income communities to provide information, guidance, and support to ratepayers who might most benefit from EmPOWER Maryland programs.[118] The program is intended to facilitate greater awareness and participation in EmPOWER programs from customers that may otherwise lack the time, resources, and awareness to participate. The Commission approves the Community Energy Coach Program as proposed by Delmarva and Pepco.

55. SMECO's proposed My Energy Target ("MET") Program is a new program based on its Smart Home Pilot from the 2018-2020 cycle. MET uses AMI data to

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[116] OPC Comments at 105.

[117] Delmarva and Pepco do not provide a measure of cost-effectiveness as they "only true-up customer payouts relative to PJM market revenues through their surcharges and administration costs are collected elsewhere." *Id*.

[118] Delmarva Plan at 16 and 17; Pepco Plan at 19.

provide participants with a customized energy consumption goal. The goals represent what participants should expect to consume based on their home characteristics, actual weather, and energy behavior.[119] Participants will be eligible for incentives for achievement of the consumption goal.[120] SMECO's use of the investment made in the deployment of AMI meters as part of the EmPOWER Program is resourceful and innovative. The Commission approves SMECO's MET Program as proposed.

b. Commercial and Industrial Programs

56. The Small Business Program is a contractor-based program designed to target small businesses as energy use is often a large part of their operating expenses and most small business owners do not have the time or expertise to identify and manage energy savings projects. The Electric Utilities proposed the continuation of their respective Small Business Programs, all of which are projected to be cost-effective.[121] The Commission approves the programs, subject to the modifications stated below.

57. Exelon Utilities and Potomac Edison proposed to expand the eligibility restriction for their programs from 60 kW to 100 kW, with Potomac Edison requesting the ability to expand further to 150 kW with prior notice to Staff. The utilities claim this expansion will strengthen and increase the reach of the programs.[122] Additional justification for the increase was not provided. While Delmarva and Pepco indicated that an analysis was performed to determine the 100 kW threshold is appropriate, that analysis has not been

[119] SMECO Plan at 38.
[120] *Id*. at 43.
[121] Staff Comments at 109.
[122] *Id*.

presented to the Commission.[123] The Commission rejects, without prejudice, the proposed expansion for lack of support, and directs the Small Business Work Group to provide additional information in support of the expansion, including, but not limited to, details of the analysis performed and the data recommended by Staff.[124] The Work Group is directed to file a report containing its findings by April 15, 2021.

58. BGE's Small Business Energy Advance ("SBEA") Program offers small business customers an option to use an "advance" for the customer portion of their costs for measures implemented as part of the Small Business Program. SBEA began in 2014 with Customer Investment Fund ("CIF") funds granted through MEA. For the 2018-2020 cycle, EmPOWER funds were granted to supplement the original CIF funds, which continue to diminish over time due to a small segment of customers who do not repay.[125] The use of both CIF and EmPOWER funds necessitates separate record-keeping and constant attention to CIF funding levels to see if there are adequate funds available to advance. BGE made two requests pertaining to its SBEA Program. First, to simplify matters, BGE proposed that all remaining CIF funds be converted to EmPOWER funds for the 2021-2023 SBEA Program. The Commission approves BGE's proposal, provided that the CIF funds continue to be used consistently with the original intent, and tracking

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[123] Delmarva Plan, at 55; Pepco Plan at 54.

[124] "Staff recommends the Commission require the utilities to illustrate that customers between 60 – 100 kW are not utilizing the Prescriptive, Custom, and Retrocommissioning programs relative to other customers over 100 kW and customers under 60 kW. Staff notes that these programs are projected by the utilities to be cost effective inclusive of customers with demands up to 100 kW so it would not be inappropriate to include these customers for cost effective purposes. It may be inappropriate though if customers over 60 kW have the resources to utilize the other C&I programs without the additional assistance provided under the Small Business Program." Staff Comments at 110.

[125] BGE Plan at 111.

of the funds be maintained to ensure BGE will not receive a return or collect carrying costs on the program activities funded by the transferred CIF funds.

59. BGE also proposed an extension for the payback period by small business owners of SBEA funds. BGE states that the SBEA Program has been very successful with the current repayment period of 12 months,[126] but concerns that COVID-19 may result in businesses unable to make payments have led BGE to request a modification of the repayment period to up to three years. The Commission denies this request, without prejudice, as the extension of repayment would also extend the amortization period, and it is also unclear as to whether the payment period modification would apply to current loans, new loans, or both.

60. The Prescriptive Program is designed to incentivize C&I customers to upgrade or replace their existing equipment with energy efficient models. Prescriptive measures are pre-defined, common energy efficient measures that have pre-determined incentives that do not require complex energy analysis. Each of the Electric Utilities proposed the continuation of their respective Prescriptive Programs, with minimal modifications from the previous program cycle. While most of the Electric Utilities are expecting decreases in participation and savings, cost effectiveness is forecast to increase for all when compared to the 2019 program year.[127] The Commission approves, without modification, the Prescriptive Programs proposed by Exelon Utilities, Potomac Edison, and SMECO for the 2021-2023 program cycle.

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[126] *Id*.
[127] Staff Comments at 118.

61. BGE proposed a new Outdoor Lighting Program for the 2021-2023 program cycle. The Program would provide incentives for LED retrofits to customer-owned, unmetered streetlights and customer-owned, metered private area lighting.[128] The Commission acknowledges BGE's outdoor lighting experience,[129] and is not opposed to the concept of this proposed program; however, the Commission finds that the Program, as proposed, is incomplete. Rates associated with the Program and whether BGE plans to develop a new tariff are unclear, as is the treatment of customers that have already made the intended changes to their outdoor lighting. The Commission defers its decision on this program and directs BGE to file a supplemental proposal, including the related tariffs and impacts to current tariff customers, for the Commission's consideration.

62. Custom Programs are designed to encourage C&I customers to install energy efficient measures that are specialized and are not covered by standard prescriptive measures. The Electric Utilities all propose the continuation of their respective Custom Programs in the 2021-2023 program cycle with the programs projected to be largely cost-effective.[130] The Electric Utilities have proposed minimal design modifications for the 2021-2023 program cycle, including the introduction by BGE and SMECO of an on-line incentive estimator tool, and the shift by BGE of new construction lighting incentives to the Custom Program from its Prescriptive Program. The Commission approves the Custom Programs proposed by the Electric Utilities, subject to the modifications stated below.

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[128] BGE Plan at 139.

[129] BGE currently offers incentives through its C&I Prescriptive, Midstream, and Small Business Programs for other customer-owned private area lighting measures and views the proposed program as an expansion thereof. *Id*.

[130] Delmarva has a TRC value of 0.95 and SMECO has a TRC value of 0.84 for the 2021-2023 program cycle. Staff Comments at 122.

63. Delmarva and Pepco currently use an incentive of $0.25/kWh, but for the 2021-2023 program cycle propose that incentives be "calculated as the lesser of $0.35 per kilowatt Hour (kWh) for the first year of projected kWh savings, 50% of installed cost for retrofit projects, or 75% of incremental costs for end-of-life replacement or new construction projects."[131] BGE and Potomac Edison currently offer an incentive of $0.28/kWh but request the flexibility to offer incentives up to $0.35/kWh for the upcoming cycle.[132] SMECO proposes to continue its current incentive of $0.28/kWh into the next program cycle.[133] It is unclear to the Commission why certain utilities are requesting the incentive increase and flexibility. No support for the requests was provided, and the Electric Utilities have had successful Custom Programs at their current incentive levels. For the sake of consistency, the Commission directs that the Electric Utilities utilize an incentive level of $0.28/kWh for their respective Custom Programs.

64. Retrocommissioning Programs are designed to assist C&I customers with improving their energy efficiency without having to replace or upgrade equipment, instead focusing on maintenance, optimizing operations, and training staff to best manage the energy usage of the business and its facilities.[134] Each of the Electric Utilities included a Retrocommissioning Program in their 2021-2023 Plans, with Exelon Utilities and SMECO continuing their current programs and Potomac Edison adding it as a new subprogram for the upcoming cycle. The Retrocommissioning Programs are projected to be cost-effective for all five utilities, and the utilities with existing programs anticipate

[131] Delmarva Plan, at 51; Pepco Plan at 50.
[132] Staff Comments, at 122; Potomac Edison Plan, Table 23.
[133] SMECO Plan at 62.
[134] Staff Comments at 125.

more participation in the 2021-2023 cycle than in the 2018-2020 cycle.[135] The Commission approves the Retrocommissioning Programs proposed by the Electric Utilities but notes that not all the utilities filed incentive recommendations for the program as part of their Plans. The Commission therefore directs the Utilities to use the incentive structures for Retrocommissioning Program HVAC Tune-Ups, Small Building Tune-Ups, Large Building Tune-Ups, Building Operations Training, and Monitoring-Based Commissioning as described in Table 107 of Staff's comments.[136]

65. Except for SMECO, all utilities proposing a Retrocommissioning Program for the 2021-2023 program cycle also proposed a Virtual Commissioning Program. Virtual Commissioning involves a utility providing energy savings recommendations to a C&I customer based on trends seen in the customer's usage data. Only Delmarva and Pepco isolated the Virtual Commissioning costs and benefits in their respective plans, with both programs lowering the cost-effectiveness of the larger Retrocommissioning Program.[137] The Commission denies, without prejudice, the proposals of BGE, Delmarva, Pepco, and Potomac Edison for a Virtual Commissioning Program. The utilities are encouraged to file more concrete plans for the program, including but not limited to cost and net present value of costs and savings, as well as savings reported separately for the program in order to monitor the program's effectiveness.

66. Combined Heat and Power ("CHP") Programs offer incentives for C&I customers to install and operate integrated, on-site systems that generate electricity and useful thermal energy from waste heat, increasing overall system efficiency. Exelon Utilities

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[135] *Id*. at 128.
[136] *Id*.
[137] *Id*. at 126 and 127.

and SMECO proposed the continuation of their standalone CHP Programs, while Potomac Edison plans to continue to offer CHP rebates under its Custom Program. All utilities are projecting high cost-effectiveness and increased participation for their programs.[138] The four utilities implementing standalone CHP Programs are jointly proposing to change the incentive structure, with the change intended to lower upfront capital costs for smaller systems, and expected to increase total incentive payments to smaller systems while decreasing incentives for larger systems.[139] The Commission approves the CHP Programs proposed by Exelon Utilities and SMECO, subject to the requirement that all CHP projects meet a TRC of 1.0. The Commission notes the requests to allow for the incidental export of electricity from CHP projects,[140] but finds incidental, yet expected exportation to conflict with the intent of EmPOWER. The request is therefore denied, and CHP project design should remain at around 80% of the facility's requirements to avoid any unintentional overproduction and energy exportation.

67. Exelon Utilities and SMECO proposed the continuation of their respective Midstream Products Programs for C&I customers, with all programs forecast to be cost-effective. For the 2021-2023 program cycle, the utilities plan to expand the program beyond lighting to several new measures including HVAC, kitchen appliances, smart power strips, and smart thermostats and controls. The utilities also seek the ability to add

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[138] *Id*. at 131.

[139] *Id*. at 132. Potomac Edison's CHP Program within their Custom Program is structured similarly to that being jointly proposed by the other utilities, but Potomac Edison did not provide details regarding distribution of incentives.

[140] *See*, *e.g.*, Schneider Comments at 2; Bloom Comments at 4.

measures based on cost-effectiveness results.[141] The Commission approves the utilities' Midstream Products Programs without modification.

68. Delmarva and Pepco proposed the continuation of their Energy Efficient Communities Programs ("EECP"), which target local, county, and municipal customers that have different operating restrictions than other C&I customers due to the nature of where their funding originates. The EECPs offer funding, education, and technical services to these smaller government systems. Delmarva and Pepco proposed enhancing their EECPs through the inclusion of their Smart LED ("SLED") streetlights conversion project, which aims to convert utility-owned streetlights to LEDs in order to reduce energy consumption.[142] Cost-effectiveness for the EECPs excluding SLED is forecast to almost meet or exceed 2019 cost-effectiveness tests, whereas SLED does not pass the TRC test for either utility and does not pass the SCT test for Delmarva.[143] The Commission approves the EECPs without the inclusion of SLED, finding that more information is required prior to making SLED determinations, and that any future rate case filed by Delmarva or Pepco would be the more appropriate location for such determinations to be made.

69. Exelon Utilities proposed new commercial behavior-based programs for the 2021-2023 program cycle.[144] The programs will allow commercial customers real-time access to their usage data, insights into their usage patterns, and a customized recommendations platform. Reports will provide energy usage comparisons to similar types of businesses,

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[141] *Id*. at 136.

[142] Delmarva Plan, at 58; Pepco Plan at 57.

[143] Staff Comments at 138.

[144] BGE's commercial behavior-based program is the Smart Energy Manager Commercial Program, while Delmarva and Pepco programs are called the Commercial Customer Engagement Portal.

as well as steps to save energy. Exelon Utilities are not offering any additional incentives for participating in these opt-in programs, and they do not expect to claim any savings from the programs until 2022 as the first year will primarily involve program implementation and marketing.[145] Behavior-based programs are a means to engage customers, introduce other EmPOWER programs, and reduce utility bills. Exelon Utilities also see the programs as a relevant offering to business customers during and post-COVID, as businesses will be looking for low-cost, self-service opportunities to save.[146] The Commission agrees and approves the commercial behavior-based programs as proposed by BGE, Delmarva, and Pepco.

c. Demand Response Programs

70. Demand Response ("DR") Programs have been offered in the BGE, Delmarva, Pepco, and SMECO service territories since the beginning of the EmPOWER Program. The purpose of these programs is to incentivize either residential, small commercial, or large commercial customers to reduce their load during times of peak demand.

71. The Residential DR Program is available to BGE, Delmarva, Pepco, and SMECO's residential customers with controllable air conditioning load in the summer in each of the four service territories, and to water heater customers in BGE's service territory during the winter. No changes are proposed to the incentive structure for the programs.[147] Programs are projected to be cost-effective and are expected to remain relatively similar to their designs in previous cycles, with Delmarva, Pepco, and

[145] BGE Plan at 146; Delmarva Plan at 69 and 71; Pepco Plan at 68 and 70.
[146] BGE Plan at 145; Delmarva Plan at 70; Pepco Plan at 69.
[147] Staff Comments at 141.

SMECO[148] continuing their existing programs[149] and BGE continuing the sunset process of its PeakRewards program while focusing efforts on promoting its new Residential DR Program, Connected Rewards.[150] The Commission approves the 2021-2023 Residential DR Programs proposed by BGE, Delmarva, Pepco, and SMECO, subject to direction stated elsewhere in this Order regarding the SMECO Bring Your Own Device ("BYOD") DR Pilot Program.

72. The Small Commercial DR Program is available to Delmarva and Pepco's small commercial customers with controllable air conditioning load in the summer. The incentive structure of the programs will remain the same as in the previous program cycle.[151] The programs are expected to remain relatively similar to their designs in previous cycles, with Delmarva and Pepco both offering a BYOD program as a new option for the 2021-2023 program cycle. Pepco's Small Commercial DR Program is forecast to be cost-effective. Although Delmarva's program is not, it is forecast to create greater savings with lower expenditures in the 2021-2023 program cycle.[152] The Commission approves, without modification, the Small Commercial DR Programs proposed by Delmarva and Pepco.

73. The Large Commercial DR Program is available to SMECO's large commercial customers with controllable air conditioning load in the summer. The incentive structure of the program will remain the same as in the previous program cycle, and no changes are

[148] SMECO's proposed Bring Your Own Device DR Pilot is addressed elsewhere in this Order.
[149] Staff Comments at 141.
[150] BGE Plan at 148.
[151] Staff Comments at 143.
[152] *Id*.

proposed to the design of the program.[153] The Commission approves the Large Commercial DR Program proposed by SMECO for the 2021-2023 program cycle.

J. Natural Gas Programs

74. WGL's 2021-2023 Plan includes the continuation of all programs from the 2018-2020 EmPOWER cycle.[154] WGL is forecasting a significant increase in therm savings for both the residential and C&I 2021-2023 portfolios as compared to the 2018-2020 projections, which is reflective of the underperformance of the 2018-2020 programs due to their long implementation time[155] that pushed back the ability to attribute savings during the 2018 program year.[156]

75. WGL stated that it designed its 2021-2023 Plan based on the success and momentum its existing programs have had to date, and that enhancements to its existing programs are consistent with industry best practices, adapted to address the unique needs of its customer base, and reflective of valuable input gained through WGL's participation in the EmPOWER stakeholder process.[157] The Commission recognizes WGL's intent to further develop its existing programs through lessons learned, and approves its Residential Existing Home, Residential New Construction, Residential Behavioral, Income Qualified, Commercial Prescriptive, and Custom Business Solutions Programs as proposed, subject to the reporting modifications stated below.

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[153] *Id*. at 144.
[154] WGL Plan at 5.
[155] WGL did not join the EmPOWER Maryland Program until 2015.
[156] Staff Comments at 166.
[157] WGL Plan at 5.

76. OPC requested that the Commission direct WGL to report HVAC program savings[158] and additional details on its Energy Efficiency Kit program.[159] The Commission approves these requests. The Electric Utilities report the results achieved in their HVAC Programs; thus, WGL doing so will comply with the EmPOWER goal of uniformity. In addition, such reporting will allow for the assessment of WGL's impact on the sector and allow WGL to better prepare for its possible forthcoming midstream program.[160] Regarding the Energy Efficiency Kit reporting, WGL is directed to report the same sub-program details that the Electric Utilities report. Again, uniformity in reporting among the Utilities should be achieved whenever possible and providing this level of detail will allow WGL and others to better assess the effectiveness of the Energy Efficiency Kit program.

K. Pilot Programs

77. On January 23, 2013, Order No. 85323 approved guidelines established through a work group process that govern the reporting and cost recovery mechanism associated with new program investigation, design, and development ("PIDD"). A certain amount of each of the Utilities' program cycle budgets is earmarked in support of PIDD.

78. The Commission established factors for developing and evaluating a pilot in Order No. 88438 in Case No. 9453. The factors are as follows: (1) clear goal(s) established at the beginning of pilot program development; (2) evaluation metrics linked to those goal(s) that will inform whether the goal(s) are achieved; (3) an evaluation plan developed before final pilot approval; (4) an estimate of pilot program implementation

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[158] OPC Comments at 79.
[159] *Id*. at 128.
[160] *Id*. at 79.

costs; (5) public sharing of key pilot program data after pilot is complete, and at regular intervals during the pilot if appropriate; (6) public review of pilot results by the Commission; (7) a clear transition plan for current customers; and (8) a firm sunset date, with any extension, amendment, or permanent authorization requiring affirmative approval by the Commission.[161] The Commission expects this same level of detail for pilot proposals under EmPOWER.

79. The Commission affirms its support for innovation and new program development in the EmPOWER portfolio and approves the requested set-aside PIDD budgets of each utility. However, the Commission will not approve any of pilots as submitted in the Plans in full at this time. The Commission requires all of the relevant information and metrics to be provided before issuing a final approval of the pilot proposals. Therefore, the Commission will conditionally approve of the concepts of several pilots where it finds value in pursuing the goal of the pilot and directs the Utilities to file full pilot proposals for final approval. For the remaining set-aside budgets, the Commission directs the Utilities to file pilot proposals to utilize those funds when appropriate.[162] The Commission directs the Utilities to include the guidelines from Order No. 88438 in all pilot proposals under PIDD moving forward.

80. The pilots the Commission conditionally approves are as follows: BGE's BYOD for non-thermostat energy efficiency measures pilot, New QHEC Measure pilot, and Smart TV pilot; Pepco's Market Based Solutions pilot; Pepco's and Delmarva's Alternative Incentive Delivery pilot, Net Zero Homes pilot, and Energy Efficiency Kit

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[161] *In re Baltimore Gas and Electric Company Request for Approval of a Prepaid Pilot Program and Request for Waivers of COMAR and Commission Orders*, Order No. 88438 at 19 and 20 (October 25, 2017).

[162] The Utilities may refile the pilots denied in this Order or new pilots for Commission's consideration.

Subscriptions pilot; SMECO's Energy Savings Loyalty and Rewards pilot; and WGL's Business Virtual Commissioning pilot, Midstream pilot, and Demand Response pilot. While some details were missing from the proposals such as start and end dates or measures being tested, the Commission supports the goals of these proposals and directs the Utilities to file full proposals for the Commission's final approval. The Utilities are further directed to address any outstanding concerns outlined in Staff's comments in their filings.

81. SMECO proposed a Time-of-Use ("TOU") pilot related to its Smart Home pilot from 2018-2020. The Commission agrees with Staff that more information is needed before approving the TOU pilot. While the Commission is not opposed to the concept of this proposed pilot, more information is needed on the rates associated with the pilot and if the focus of the pilot will be pairing smart thermostats with TOU rates. The Commission defers its decision on this pilot and directs SMECO to file a supplemental proposal, including the related tariffs, for the Commission's consideration.

82. The Commission denies without prejudice the following pilots: Potomac Edison's Smart Home and Thermostat Optimization monitoring pilots; BGE's Youth Engagement and Rewards and Virtual Power Plant pilots; Pepco's and Delmarva's My Energy Target pilots and continuation of their Smart Home pilots;[163] SMECO's BYOD Demand Response pilot; WGL's Online Business Energy Advisor pilot and Natural Gas Advanced Technology and Equipment pilot; and the Low-to-Moderate Income ("LMI") Locational Based Savings pilots proposed by Exelon Utilities, SMECO, and WGL. The Commission does not support the Utilities piloting programs already piloted or

[163] The Commission agrees with Staff that the Smart Home pilots from the 2018-2020 program cycle should be concluded and new pilots developed based on the results of the evaluations.

implemented in full by other utilities unless there is something new being tested. The Commission also appreciates the efforts by the Utilities to bring synergies between EmPOWER and other grid modernization initiatives under PC44; however, the Commission is concerned with EmPOWER fully funding those efforts. EmPOWER funds are currently limited to energy efficiency and demand response measures and programs. The Commission asks the Utilities to bring forward future proposals that create those synergies while appropriately sharing costs between EmPOWER and other funding sources. Should the Utilities refile any of these pilots for the Commission's consideration, the Utilities should address any outstanding concerns included in Staff's comments.

83. Exelon Utilities, SMECO, and WGL also included budgets for unidentified projects under PIDD. As discussed above, the Commission approves the overall PIDD budgets for the Utilities; however, specific pilot proposals to utilize those funds must be filed for the Commission's approval before being utilized.

L. DHCD Programs

84. DHCD requested Commission approval for the 2021-2023 program cycle, to continue its Limited-Income Energy Efficiency Program ("LIEEP") for single family units and its Multifamily Energy Efficiency Housing Affordability ("MEEHA") program for multifamily housing. DHCD proposed to divide and rename the existing LIEEP program into two programs: Whole Home Efficiency (formerly Tier 2 and 3 LIEEP projects) and Base Efficiency (formerly Tier 1 LIEEP projects).[164] The LIEEP and MEEHA programs have been successfully administered in previous cycles, and the

[164] DHCD Plan at 10 and 11.

separation and rebrand of the LIEEP program should allow the services within to be delivered more efficiently. DHCD also proposes additional positive program enhancements, such as crediting savings from prior work and training for contractors to educate customers on energy saving behaviors.[165] The Commission approves DHCD's Whole Home Efficiency, Base Efficiency, and MEEHA programs.

85. DHCD also requested approval to expand its 2018-2021 MEET pilot into a statewide program. The MEET Program allows customers who completed a project in the Whole Home Efficiency, Base Efficiency, or MEEHA programs to enroll in MEET one year after their initial project, thereby providing ongoing customer engagement and maintenance of installed equipment.[166] The Commission supports the goal of the program to increase the life expectancy of measures installed through other DHCD programs by properly maintaining it on a regular schedule and educating customers on how to perform no-cost maintenance tasks themselves, and therefore approves the MEET Program as proposed.

86. DHCD proposed the addition of an Energy Efficiency Kit Program, whereby DHCD will send an energy kit containing a small number of direct-install measures and resources with energy saving tips to all new applicants.[167] The Program is projected to be cost-effective, and also will reach and provide savings to many households that, for one reason or another, may not engage in on-site projects.[168] It also carries the possibility of increasing conversion rates, thereby further maximizing participation in EmPOWER.

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[165] *Id*. at 47 and 48.
[166] *Id*. at 68 and 69.
[167] *Id*. at 75.
[168] *Id*. at 78.

The Commission approves DHCD's proposed Energy Efficiency Kit Program as proposed but directs DHCD to work with the Utilities to ensure that there is a minimal amount of duplication between its Energy Efficiency Kit Program and the Utilities' Energy Efficiency Kit and QHEC Programs. DHCD is to consult the Limited-Income Work Group for assistance on this issue, if needed.

87. DHCD programs are intended for limited-income residents and affordable housing properties, with income levels used to determine program eligibility. DHCD proposed four modifications to its existing application process in order to streamline eligibility determinations and broaden the reach of its programs.[169] First, while different DHCD programs currently apply different income levels for its participants, DHCD proposed that income eligibility now be the same across all of its programs.[170] Second, DHCD proposes to raise its Federal Poverty Level ("FPL")-based income limit from 200% to 250% in order to reach a market segment that has previously been considered over-income, yet unable to afford market-rate utility programs.[171] Third, DHCD proposed the use of Area Median Income as an alternative measure of income for individual applicants.[172] Finally, DHCD proposed to allow participants of certain other income-based assistance programs across the State to be deemed categorically eligible for DHCD's programs without further income verification.[173]

88. The modifications proposed by DHCD are intended to increase participation and limit additional income certifications that may seem redundant and cumbersome to

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[169] *Id*. at 31.
[170] *Id*.
[171] *Id*. at 32.
[172] *Id*. at 33.
[173] *Id*. at 34.

applicants and may serve as an unintentional deterrent towards application. The Commission approves the modifications as proposed by DHCD for the 2021-2023 program cycle, subject to the following conditions regarding raising the FPL to 250%. In addition to its pledge to work closely with the Office of Home Energy Programs ("OHEP") to establish guidelines that certify client applications up to the new income level, DHCD is directed to report all relevant data on customers served both above and below the 200% FPL, including but not limited to funds spent, customer income metrics, and potential utility crossover. DHCD is also directed to develop an effective prioritization scheme to ensure that higher income-eligible customers are not disproportionately served in lieu of customers with lower incomes.

89. DHCD proposed the addition of an Enhanced Weatherization Program and a Net Zero Program for the 2021-2023 program cycle. The Enhance Weatherization Program is designed to address the limited-income population with the highest energy costs, and who are deferred from DHCD's core programs due to necessary upgrades exceeding typical cost caps. The qualifying homes' problems are addressed through necessary remediation measures provided in a cost-effective manner that provides energy savings results as well as improved indoor air quality, safety, and property values of the home and neighborhood.[174] The Commission finds value in the goals of the Enhanced Weatherization Program, but given its low projected participation of only 80 customers, and its TRC of 0.09, considers it to be an unsuitable use for EmPOWER funds and therefore denies its addition to DHCD's 2021-2023 program.[175]

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[174] *Id*. at 79.
[175] *Id*. at 82 and 84.

90. The Net Zero Program provides financial incentives to developers for the construction of low or net zero residential housing. It was created by the Maryland General Assembly and has been developed and implemented by DHCD over the past four years. The Program supports the construction of energy efficient homes to expand quality and affordable housing opportunities for Maryland residents, while reducing greenhouse gas emissions and conserving energy.[176] The Net Zero Program is innovative, but given its low projected participation of only six customers, its TRC of 0.02, and the availability of existing DHCD Net Zero Program funds,[177] the Commission finds it to be an unsuitable use for EmPOWER funds and therefore denies its addition to DHCD's 2021-2023 program.

IT IS THEREFORE, this 18th day of December, in the year Two Thousand Twenty, by the Public Service Commission of Maryland,

ORDERED:

1. That the Utilities and DHCD are directed to modify their ES table templates in accordance with Staff's reporting recommendations as specified herein;

2. That the ERPI Work Group is directed to research the reporting recommendations made by OPC and MEEA in their respective comments, as well as the costs to achieve the modified reporting, incorporate the changes where feasible, and file a status report on its findings and actions by April 15, 2021;

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[176] *Id*. at 85.
[177] Staff Comments at 187 and 188.

3. That Potomac Edison's request for the Utilities' budget and incentive flexibility from the 2018-2020 program cycle, specified herein, to continue into the 2021-2023 program cycle is approved;

4. That Potomac Edison's request for the Utilities' residential program flexibility of reallocating up to 15% of the approved budgets within programs to extend to the C&I budget and programs is approved;

5. That Potomac Edison's request for the Utilities' C&I program flexibility allowing incentives to increase by any amount within the "up to" range to extend to the residential incentives is approved;

6. That Pepco and Delmarva's request to allow limited-time offer incentive enhancements in non-CHP C&I programs of up to 15% above the current incentive levels offered for no longer than 12 consecutive weeks is approved for all the Utilities, subject to the requirements that the Utilities notify Staff no less than 10 days prior to implementing an enhancement and include the impacts of the enhancements in their respective semi-annual reports;

7. That OPC's recommendation that the Utilities have flexibility to implement appropriate tier level changes in conjunction with ENERGY STAR specification changes and evaluation findings without having to file for permission is approved;

8. That Staff is directed to track Utility spend on the EmPOWER programs, report findings, and make recommendations related to surcharge increases in its semi-annuals comments on the EmPOWER programs;

9. That the EM&V model for the 2021-2023 program cycle will remain the same as for the 2018-2020 program cycle;

10. That the EM&V Work Group is directed to file a report no later than October 15, 2021 on how the results of the Behavioral Disaggregation Pilot will be incorporated into the EM&V and cost-effectiveness analyses of the EmPOWER programs in consultation with the Statewide and Commission Evaluators;

11. That the TRC and SCT are to be weighed and utilized equally for design, implementation, and EM&V purposes for the 2021-2023 program cycle;

12. That the EM&V Work Group is directed to determine what, if any, modifications need to be made in order to account for savings from all fuel sources and file a status report on its findings by October 15, 2021;

13. That a Future Programming Work Group is to be formed and led by a Public Utility Law Judge for the purpose of ensuring that upcoming EmPOWER Maryland cycles are well-informed and fully developed and in accordance with the direction provided herein;

14. That the Finance Work Group is directed to work toward further development of the MCEC Pilot Program as stated herein and to file a report on its findings and a final MCEC Pilot Program proposal by April 15, 2021;

15. That the Utilities are directed to continue to explore the benefits and costs of tariff-based financing, as well as their efforts promoting financing offers with their vendors and DHCD's BeSMART program, with future semi-annual reports to contain information pertaining to the efforts and findings made by the Utilities;

16. That the Future Programming Work Group is directed to consider whether including CVR savings is appropriate for the next EmPOWER Maryland program cycle;

17. That the Cost Recovery Work Group's recommendation to continue using the WACC as the ROR and to expense the program costs for the Utilities' Behavior Programs and administrative costs is approved for the 2021-2023 program cycle;

18. That the Cost Recovery Work Group is directed to discuss the PIM proposals included in MEA's Cost Analysis, and any others the Work Group finds appropriate, for the Commission's consideration in accordance with the guidelines stated herein and to file a status report on its progress by October 15, 2021 and a final report on PIM proposals for the Commission's consideration by April 15, 2022;

19. That the Cost Recovery Work Group is directed to investigate, in accordance with the guidance provided herein, how distribution rates and innovative rate designs may encourage or discourage participation in EmPOWER programs and to file a report on its findings for the Commission's consideration by October 15, 2021;

20. That the Lighting Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

21. That the Appliance Rebate Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

22. That the Appliance Rebate Program proposed by Potomac Edison is approved for the 2021-2023 program cycle, subject to the metrics and budgets included in

Potomac Edison's Plan, and excluding the Potomac Edison Consumer Electronics subprogram, which the Commission denies;

23. That the Appliance Recycling Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

24. That the QHEC and HPwES Programs proposed by Exelon Utilities and Potomac Edison and the HEIP proposed by SMECO are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan(s) and the requirements stated herein;

25. That the HVAC Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

26. That the request to increase the incentive amounts for geothermal heat pumps is denied;

27. That the stand-alone HVAC Tune-Up Program proposed by BGE is denied; the Commission directs BGE to provide the HVAC tune-up service as part of a larger program in keeping with the other Electric Utilities;

28. That the Thermostat Optimization Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan and the requirement that the programs be re-evaluated by the Electric Utilities and stakeholders after the first year of savings;

29. That the Schools Education Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

30. That the Energy Efficiency Kit Programs proposed by Potomac Edison and SMECO are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

31. That the Residential New Construction Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan, and excluding the EV pre-wiring offering by Exelon Utilities and SMECO, which the Commission denies;

32. That the Behavior-Based Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

33. That the Dynamic Pricing Programs proposed by Exelon Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

34. That the Community Energy Coach Programs proposed by Delmarva and Pepco are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

35. That the My Energy Target Program proposed by SMECO is approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

36. That the Small Business Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan, and excluding the request by Exelon Utilities and Potomac Edison to expand the eligibility restriction for their programs from 60 kW to 100 kW, which the Commission denies;

37. That the Small Business Work Group is directed to provide additional information in support of the request by Exelon Utilities and Potomac Edison to expand the eligibility restriction for their Small Business Programs from 60 kW to 100 kW in accordance with the guidelines stated herein and to file a status report on its findings by April 15, 2021;

38. That the BGE request to convert all remaining CIF funds to EmPOWER funds for its SBEA Program is approved for the 2021-2023 program cycle, subject to the metrics and budgets included in BGE's Plan;

39. That the BGE request to extend the payback period by small business owners of SBEA funds to up to three years is denied without prejudice;

40. That the C&I Prescriptive Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

41. That the Outdoor Lighting Program proposed by BGE is denied without prejudice, and BGE is directed to file a supplemental proposal for the Commission's consideration as stated herein;

42. That the Custom Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the

respective Utilities' Plan, and to the Commission's direction that the Electric Utilities utilize an incentive level of $0.28/kWh for their programs;

43. That the Retrocommissioning Programs proposed by the Electric Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan, and to the Commission's direction that incentive structures for the Program's HVAC Tune-Ups, Small Building Tune-Ups, Large Building Tune-Ups, Building Operations Training, and Monitoring-Based Commissioning be as stated in Staff's filed comments;

44. That the Virtual Commissioning Programs proposed by BGE, Delmarva, Pepco, and Potomac Edison are denied without prejudice;

45. That the CHP Programs proposed by BGE, Delmarva, Pepco, and SMECO are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan, and to the Commission's direction that all CHP projects meet a TRC of 1.0;

46. That the request to allow for the incidental export of electricity from CHP projects is denied, and the Commission directs that CHP project design is to continue to remain at around 80% of the facility's requirements;

47. That the Midstream Products Programs proposed by Exelon Utilities and SMECO are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

48. That the EECPs proposed by Delmarva and Pepco are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective

Utilities' Plan, and excluding the request to incorporate SLED into the programs, which the Commission denies;

49. That the commercial behavior-based programs proposed by Exelon Utilities are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

50. That the Residential DR Programs proposed by Exelon Utilities and SMECO are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan, with the exception of the BYOD DR Pilot Program, which the Commission denies;

51. That the Small Commercial DR Programs proposed by Delmarva and Pepco are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the respective Utilities' Plan;

52. That the Large Commercial DR Program proposed by SMECO are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the SMECO Plan;

53. That the Residential Existing Home, Residential New Construction, Residential Behavioral, Income Qualified, Commercial Prescriptive, and Custom Business Solutions Programs proposed by WGL are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the WGL Plan and the reporting requirements stated below;

54. That OPC's request for the Commission to direct WGL to report its HVAC Program savings is approved;

55. That OPC's request for the Commission to direct WGL to report the same details for its Energy Efficiency Kit Program that the Electric Utilities report is approved;

56. That the Commission approves the requested set-aside PIDD budgets of each utility, but defers approval of any pilots as submitted in the Plans;

57. That the Commission conditionally approves of the concepts of the following pilots: BGE's BYOD (for non-thermostat energy efficiency measures) Pilot, New QHEC Measure Pilot, and Smart TV Pilot; Pepco's Market-Based Solutions Pilot; Pepco's and Delmarva's Alternative Incentive Delivery Pilot, Net Zero Homes Pilot, and Energy Efficiency Kit Subscriptions Pilot; SMECO's Energy Savings Loyalty and Rewards Pilot; and WGL's Business Virtual Commissioning Pilot, Midstream Pilot, and Demand Response Pilot;

58. That for the aforementioned conditionally-approved pilots, the Utilities are directed to provide the relevant information and metrics as required herein, and to address any outstanding concerns outlined in Staff's filed comments, in full proposals for the Commission's final approval;

59. That the Utilities and DHCD are directed to file pilot proposals to utilize their remaining set-aside budgets when appropriate and in accordance with the guidelines established in Order No. 88438;

60. That the Utilities and DHCD are directed to include the guidelines from Order No. 88438 in all pilot proposals under PIDD moving forward;

61. That SMECO is directed to file a supplemental proposal on its proposed TOU Pilot as stated herein;

62. That the Commission denies without prejudice the following pilots: Potomac Edison's Smart Home and Thermostat Optimization Monitoring Pilots; BGE's Youth Engagement and Rewards and Virtual Power Plant Pilots; Pepco's and Delmarva's My Energy Target Pilots and the continuation of their Smart Home Pilots;[178] SMECO's BYOD Demand Response Pilot; WGL's Online Business Energy Advisor Pilot and Natural Gas Advanced Technology and Equipment Pilot; and the Low-to-Moderate Income ("LMI") Locational Based Savings Pilots proposed by BGE, Delmarva, Pepco, SMECO, and WGL;

63. That the Whole Home Efficiency, Base Efficiency, MEEHA, and MEET Programs proposed by DHCD are approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the DHCD Plan;

64. That the Energy Efficiency Kit Program proposed by DHCD is approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the DHCD Plan and the requirement that DHCD work with the Utilities to ensure that there are minimal duplications between its program and the Energy Efficiency Kit and QHEC Programs offered by the Utilities;

65. That the following modifications to DHCD's application process are approved for the 2021-2023 program cycle: income eligibility will be the same across all of DHCD's programs, DHCD may use Area Median Income as an alternative measure of income for individual applicants, and participants of certain other income-based assistance programs across the State may now be deemed categorically eligible for DHCD's programs without further income verification;

[178] The Commission agrees with Staff that the Smart Home pilots from the 2018-2020 program cycle should be concluded and new pilots developed based on the results of the evaluations.

66. That DHCD's request to raise its FPL-based income limit from 200% to 250% is approved for the 2021-2023 program cycle, subject to the metrics and budgets included in the DHCD Plan and the requirements that DHCD report all relevant data on customers served both above and below the 200% FPL, including but not limited to funds spent, customer income metrics, and potential utility crossover, and that DHCD develop an effective prioritization scheme to ensure that higher income eligible customers are not served in lieu of customers with lower incomes;

67. That the Enhanced Weatherization and Net Zero Programs proposed by DHCD are denied; and

68. That all other motions and programs not granted herein are denied.

/s/ Jason M. Stanek

/s/ Michael T. Richard

/s/ Anthony J. O'Donnell

/s/ Odogwu Obi Linton

/s/ Mindy L. Herman
Commissioners