

STATE OF MARYLAND



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PUBLIC SERVICE COMMISSION

March 19, 2019

In the Matter of Transforming Maryland's	*	
Electric Distribution Systems to Ensure that	*	Public Conference
Electric Service is Customer-Centered,	*	PC44
Affordable, Reliable and Environmentally	*	
Sustainable in Maryland	*	

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NOTICE OF OPPORTUNITY TO COMMENT

On January 31, 2017, the Maryland Public Service Commission (“Commission”) issued a Notice in the Public Conference 44 (“PC44”) docket tasking six work groups with a series of deliverables. Three of those work groups touched on areas where the retail supply market could be improved or could expand to provide additional services to Maryland customers, including Rate Design, Electric Vehicles, and Competitive Markets and Customer Choice (“PC44 Initiatives”). The Commission is committed to encouraging retail suppliers to participate in the PC44 Initiatives. Over the course of the PC44 process, the Commission has identified additional spaces where retail competition could benefit Maryland ratepayers, including load shaping, peak shaving, and energy efficiency.

As Maryland moves forward with grid modernization, the retail supply community can play an important role in supporting policy goals, including more active efforts to shape load profiles. Accordingly, the Commission has developed a PC44 Retail Supplier Load Shaping

Pilot Request for Proposal (“RFP”) Statement of Work (“Statement of Work”). Prior to directing the utility companies (i.e., Baltimore Gas and Electric Company, Potomac Electric Power Company, and Delmarva Power & Light Company) to issue a Retail Supplier Load Shaping Pilot RFP that includes this Statement of Work, the Commission seeks comments on the Statement of Work. A copy of the Statement of Work is an attachment to this Notice.

Written comments shall be filed by April 9, 2019. An original and 17 paper copies, and one electronic copy,¹ of any comments shall be submitted to Terry J. Romine, Executive Secretary, Maryland Public Service Commission, William Donald Schaefer Tower, 6 St. Paul Street, 16th Floor, Baltimore, Maryland 21202, and reference “PC44 – Retail Supplier Load Shaping Pilot RFP Statement of Work.”

By Direction of the Commission,

/s/ Terry J. Romine

Terry J. Romine
Executive Secretary

Attachment

cc: Service List for PC44 (via email)

¹ The Commission encourages submission of the electronic copy (public version only) through the Commission’s E-file system, which may be accessed through the Commission’s website, www.psc.state.md.us (online services).

PC44 Rate Design Retail Supplier Load Shaping Pilot RFP **Statement of Work**

Background & Objectives

The Maryland Public Service Commission (“the Commission”) initiated Public Conference 44 (“PC44”) on September 26, 2016 for the purposes of ensuring that the “electric distribution systems in Maryland are customer-centered, affordable, reliable, and environmentally sustainable.”² In furtherance of that goal, on _____, 2019 the Commission ordered selected Maryland Utilities to issue this Request for Proposals (“RFP”) to Maryland’s licensed Retail Suppliers³ for Load Shaping Pilots. The Commission is seeking programs designed to demonstrate the ability to shape residential load profiles using innovative business models.

The primary goal of this RFP is to identify pilots that demonstrate an ability to shape customer load profiles through load shifting, peak shaving, and energy efficiency. Applicants can propose any mechanism for load shaping such as sending appropriate price signals (real time rates), using technology to control usage (controllable thermostats), payment of rebates or behavioral modification treatments. A secondary goal is to test whether load shaping can lower customer bills or reduce the customers’ overall effective rate for electricity by avoiding energy usage during high cost periods. Customer satisfaction will be surveyed at the pilot’s conclusion.

In order to explore this area, the Commission has directed Utility to issue this RFP. After review and comment, the Commission will recommend award of contracts to retail suppliers that will participate in the Load Shaping Pilot. The Commission will direct Utility to execute the contracts for up to two pilots per service territory. This RFP describes the bidding process to solicit innovative business models that demonstrate an ability to shape customer load profiles. The pilot program is only for Maryland licensed suppliers and each retail supplier may submit up to two bids per service territory for this pilot. The pilot program is only for the supply portion of the customer’s utility bill and must be complementary to existing distribution offerings under the Utility’s current tariffs.

Pilot Bid Requirements

Each bid must address five requirements discussed below: offer design, pilot enrollment and retention, evaluation, measurement and verification, and consumer protection. The bid should consist of a Pilot Overview which comprehensively summarizes all aspects of the pilot and provides sufficient details for interested parties to understand how the pilot will be designed, implemented and evaluated. Among other details, the bid must include the following: 1) a clearly stated hypothesis; 2) goals detailing what the pilot intends to achieve; 3) how and when the pilot concludes; 4) explicit cost estimates; 5) explicit statement of expected outcomes; 6) detailed standards, controls and reference points for program evaluation to allow for comparison to control groups; 7) how the data and conclusions will be reported and shared publicly; 8) a

² PC 44 Notice, September 26, 2016, pg. 1.

³ The Commission will also accept bids from entities with Retail Supplier license applications pending in Maryland.

methodology for selecting pilot participants; and 9) a method to account for any program costs and revenues that will be paid by ratepayers.

1. Offer Design

A. Supply Rate

The Bidder should clearly identify the supply rate structure by hour or period (i.e. multi-hour, monthly, seasonal). Every price in the rate structure must be either negative (bill credit), zero (free), or positive (bill charge). Any flat charges or other charges must also be identified. The supplier should also clearly identify any additional offerings related to the rate such as a smart thermostat, appliance monitoring, or any other value-added element of the proposal.

B. Technology or Customer Support

The Bidder should clearly identify and explain any enabling information, or control technology, or other customer support it plans to provide under its pilot to help the customer control their load shape. This includes any element of the offering which helps customers react to price signals, support customer behavior changes, or engage in direct load control.

C. Qualifications

The Bidder must attest that it can implement the load shaping program that it has offered. This will include the ability to calculate and bill customers using existing EDI capabilities and provide adequate billing information in the existing utility bill format. Utility has AMI data available in hourly increments with a one day delay (as applicable to each Utility). A supplier that is able to operate their proposed pilot program using existing EDI transactions will not incur costs to do so. However, to the extent that the Bidder would like to receive customer usage data in a different format or requires changes or updates to Utility's EDI system, the Utility's programming and testing costs will be borne by the Bidder. Changes to the EDI system may also need to be considered by the EDI Work Group which may delay implementation.

D. Ratepayer Support

Ratepayer funds may be available to support the costs for the supplier to comply with the EM&V needs of the pilot. If Bidder is seeking ratepayer funds to support its participation in the pilot, any funding should be clearly identified in the proposal including the services it would support. Bidder must also specify the level of funding it is seeking either as a total amount or as an hourly rate with an estimated number of hours. Bidder must provide this request on a "not to exceed" basis.

Bidder may be able to access ratepayer funding through existing utility efficiency or demand response programs. This support would be available only for approved efficiency measures under the existing EmPOWER plans or participation in existing approved demand response programs. The Pilot Overview should clearly identify the eligible efficiency measure or demand

response program, the estimated number of measures or participating customers and the total estimated cost of incentives or rebates to be recovered from the Utility program.

2. Pilot Enrollment & Retention

The Bidder shall be responsible for any market research, developing marketing and enrollment material, customer recruitment and enrollment, and tracking participants throughout the entirety of the pilot. After selection, the selected supplier's marketing materials for the pilot are subject to review by the Utility, Staff of the Public Service Commission ("Staff") and the Maryland Office of the People's Counsel ("OPC"). The Bidder will provide marketing materials for review at least 45 days prior to deploying the materials in Maryland and Utility, Staff and OPC will provide any feedback within 20 days of receipt.

The Load Shaping Pilot is for residential customers and must be opt-in. Net Energy Metering customers cannot make up more than 10% of the population sample of the pilot. The Bidder may enroll pilot customers who receive their electric supply from any source.

The Bidder may not charge a fee for a customer that exits the pilot and must allow the customer to exit at any time. However, a reasonable fee to recover the costs of technology or equipment provided to the customer under the pilot may be allowed.

3. Evaluation, Measurement, and Verification ("EM&V") Plan

The Pilot Overview must include a proposed EM&V methodology outlining experimental design, sample sizes and expected results for the Commission's consideration. However, the Utility's selected EM&V contractor will conduct an independent evaluation of the proposal and may determine that a different design is necessary. Utility will be responsible for providing EM&V services. The Bidder shall commit to providing Utility with all reasonably requested data and addressing any issues, concerns, or questions that will arise during the evaluation process. Failure to adequately support the Utility and the evaluation effort more broadly may result in loss of all or a portion of the identified ratepayer support, per the Commission's discretion. The Bidder must contact its customers and encourage them to complete a survey before joining and at the end of the pilot including minimum required information as specified by Utility. If a survey participation bonus is paid as part of the EM&V plan, the payment will be considered a cost under the EM&V plan and the Bidder is *not* responsible for the payment of such funds.

Within 60 days after selection, the Bidder shall consult with the Utility's EM&V contractor and deliver a comprehensive EM&V plan. This plan shall include all information required under this RFP as well as any additional information required by the Utility's EM&V contractor. The Bidder must update the Commission if it makes changes to the pilot's program design before, during, or after the pilot's implementation.

4. Consumer Protections

In addition to complying with all Maryland statutes and regulations, the Bidder must satisfy the following requirements throughout the pilot:

- A. Before a customer enrolls in the pilot, the Bidder must provide the customer with a complete copy of the supply contract and reasonable time to review the document before requesting or acquiring the customer's consent to the supply contract and pilot participation. A customer's consent must be evidenced by a signature on the supply contract document. These requirements apply to all marketing channels used by the Bidder.
- B. All unique versions of the Bidder's marketing materials, supply contract documents, and contract summary required under COMAR 20.53.07.08B will be submitted to the Utility, Staff and OPC for review at least 45 days before they are made available to the public.
- C. The Bidder may retain customers at the completion of the pilot under the same terms and conditions as the pilot pursuant to a renewal notice under COMAR 20.53.07.09.
- D. If the bid requires any waivers of Maryland regulations under the jurisdiction of the Public Service Commission, the bidder should clearly identify the sections to be waived and provide a justification for the waiver as well as any alternative protections or limitations which could be imposed to serve a similar purpose. For example, if an element of a notice requirement is to be waived, requested waivers should be identified by COMAR section and alternative proposals should be presented to satisfy the intention of the requirement.

RFP Submittal and Bid Evaluation Criteria

All Bidders must be a retail supplier licensed by the Maryland Public Service Commission. The Bidder's license may not have been suspended or revoked in Maryland or in any other state in which it is licensed to supply electricity in the past five years. All Bidders must submit the following information, which will be considered and weighed in the evaluation process.

1. Likelihood of Producing Statistically Valid Results. The likelihood that the proposed pilot will produce statistically valid results which can be extrapolated to larger populations will be given the highest weight. The Utility's selected EM&V contractor will rank the pilots based on their ability to produce useable results regarding load shaping impacts.
2. Costs to Non-Participating Ratepayers. The second highest weighted criteria will be the expected costs of the bid to non-participating ratepayers, such as Utility's estimated EM&V contractor costs, bidder's requested EM&V support costs, costs to existing efficiency and demand response programs, and Utility's administrative costs.
3. Annual Load-Weighted Average Supply Price. Price to participants will be an evaluation factor. Utility's hourly load data is available on its retail supplier website. The Bidder will provide a price for each hour and day-type (i.e., weekday, weekend, and holiday) corresponding to the hourly load shape, and use the attached calculation spreadsheet to submit a load-weighted average price ("LWAP") for its bid. If this calculation does not accurately represent the costs or value of an offering, the Bidder may provide an alternate Annual Supply Price with an explanation of how the price is calculated.

4. Complaints. The Bidder shall provide the number of complaints filed against it in Maryland and any other state in which it is licensed for each of the following years: 2016, 2017, 2018 and 2019 to date. The Commission may consider this data as well as a “complaints per customer” ratio as derived from the information provided by the Bidder and Commission’s data on the number of Customers that the Bidder serves in Maryland.
5. Experience with Rates Similar to Proposal. The Bidder shall provide any experience that it has subscribing customers to a rate similar to that in the Proposal in another state prior to _____, 2019. Specifically, the Bidder shall individually list each of its previous or current similar offerings, the length of time that offering was in effect, and the maximum number of customers subscribing to that rate. If available, Bidder should provide and evaluation or results from existing offerings.
6. Enabling Information or Control Technology. The Bidder shall provide details about any enabling information or control technology that is to be included in the pilot, including the following: specific technology (e.g., Wi-Fi enabled programmable or communicating thermostat), eligibility criteria for receiving the technology (e.g., central air conditioning and Wi-Fi), and which customer will be offered the technology (e.g., everyone, LMI only).
7. Pilot Compensation. The Bidder shall identify any forms of direct or indirect compensation to be made to pilot participants including but not limited to: enrollment incentives; survey response incentives; pilot completion incentives; best-bill guarantees; etc. The cost of these incentives will be Bidder’s responsibility unless they are EM&V costs as specified in this RFP.
8. Participant Threshold. The Bidder shall identify a minimum and maximum initially targeted participant threshold they commit to enrolling. The minimum target number shall be no less than 1,000. The maximum number of participants may be no greater than 5,000. In reviewing the Pilot Overview, the Utility’s EM&V contractor will perform a preliminary analysis of the price offering and pilot size to determine whether the pilot is likely to produce a statistically valid result. The winning Bidder may be required to adjust its pilot size to ensure a statistically valid sample.
9. Post-Pilot Rate Offering. The Bidder shall identify what rate offering (although not necessarily the precise pricing) a participant will be offered at the end of the pilot.

The RFP will be open for 45 calendar days and responses are due on _____, 2019. On or before _____, 2019 (5 calendar days from close of bidding), Utility will forward the bids to representatives of the Commission, the Technical Staff of the Public Service Commission (“Staff”), the Office of People’s Counsel (“OPC”), and the Maryland Energy Administration (“MEA”) (collectively “the Stakeholders”). On or before _____, 2019 (20 calendar days from close of bidding) Utility will provide the ranking of its EM&V contractor and input regarding identified Utility administrative costs to the Commission and the Stakeholders. On or before _____, 2019 (50 calendar days from close of bidding) Utility and Stakeholders will provide comments to the Commission on the Bids received.

A bidder should give specific attention to the clear identification of those portions of its proposal that it considers confidential and/or proprietary commercial information or trade secrets that should not be disclosed under the Public Information Act, Md. Code Ann., General Provisions Article, Title 4. Reasonable steps will be taken to ensure that the portions of the proposals identified as containing “confidential and/or proprietary commercial information or trade secrets” are maintained in a confidential manner in the systems that will be used to administer this RFP. The Stakeholders identified in this RFP are all state agencies who are either bound by statute to protecting the confidentiality of materials received or will agree to retain the materials confidentially before being provided any confidential materials.

7. Pilot Timeline

Action Item	Dates
Supplier RFP Release Date	0
Supplier RFP Eligibility Window Closes	45
Supplier Bids submitted to Stakeholders	50
Utility EM&V ranking provided to Stakeholders	65
Stakeholder comments provided to Commission	95
Commission announces selected Pilots	140
Selected Supplier provides final EM&V plan	200
Enrollment process begins	TBD
Start of exposure to pilot program rates	TBD
Draft report and data based on EM&V Plan Due	TBD
Interim Review by Commission Completed	TBD
End of Pilot Program data collection	TBD
Full Evaluation based on EM&V Plan	TBD
Final Commission Review	TBD
End of exposure to pilot rates	TBD