Before the Maryland Public Service Commission


Case No. 9153


Case No. 9154


Case No. 9155

In The Matter of The Delmarva Power and Light Company’s Energy Efficiency, Conservation and Demand Response Programs Pursuant to the EmPOWER Maryland Energy Efficiency Act of 2008

Case No. 9156


Case No. 9157
In The Matter of Washington Gas Light Company’s Energy Efficiency, Conservation and Demand Response Programs

Pursuant to the EmPOWER Maryland Energy Efficiency Act of 2008

Case No. 9362

The Maryland Energy Efficiency Advocates’ Comments on the EmPOWER Maryland 2018-2020 Plans

Pursuant to the Maryland Public Service Commission’s (Commission) August 16, 2017 Notice of Comment Period and Hearing Date, the Maryland Energy Efficiency Advocates (Advocates)¹ provide the following comments on the EmPOWER Maryland utilities’ (Utilities)² and the Maryland Department of Housing and Community Development’s (DHCD) Semi-Annual Reports and 2017 Plans, which cover the 2018-2020 EmPOWER program period (“Plans”).


² The electric utilities in the above-captioned consolidated EmPOWER Maryland cases include Potomac Edison Company d/b/a Allegheny Power (Potomac Edison), Baltimore Gas and Electric Company (BGE), Potomac Electric Power Company (Pepco), Delmarva and Light Company (Delmarva), Southern Maryland Electric Cooperative (SMECO), and Washington Gas Light Company (WGL).
I. Introduction

The Advocates commend the Utilities and DHCD for their continued successful implementation of the EmPOWER programs. These programs are critically important to Maryland ratepayers and will continue to provide enormous, cost-effective benefits for all sectors as the Utilities and DHCD carry Maryland’s energy-efficiency efforts forward into the next decade. In these comments, the Advocates address the EmPOWER 2018-2020 program plans, focusing on low-income (LI) and multifamily energy-efficiency. The absence of specific comments on other issues raised by the filings should not be construed as implied support or opposition for what was proposed.

In summary, the Advocates offer the following key observations about the Empower 2018-2020 Plans:

1. The proposed participation, funding, and savings levels in the DHCD Plans are too low and should be tied to a limited-income savings goal to ensure that the needs of LI customers are being met. Further, multifamily tenants, and renters in general, will remain underserved by DHCD programs as compared to limited-income homeowners;

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3 With regards to LI efficiency, the American Council for an Energy-Efficient Economy (ACEEE) recently published a new study of Maryland’s LI EmPOWER programs, which reviews the performance of the LI programs, compares the LI programs to those in other jurisdictions, and provides numerous suggestions for improving the reach and effectiveness of EmPOWER’s LI programs. See Stefen Samarripas, et. al., ACEEE, Making Maryland Homes More Affordable through Energy Efficiency, Report Number 1711 (Oct. 2017). Available at http://aceee.org/research-report/u1711. (“ACEEE Making Maryland Homes More Affordable”).
2. DHCD and the Utilities have proposed a number of encouraging improvements for their programs but shortcomings still exist and there are opportunities for further improvements;

3. The Utilities’ Plans do not adequately and equitably serve the needs of the multifamily housing market;

4. In general, the Utilities’ Plans appear to continue to over-rely on short-lived measures, rather than strike an appropriate balance of short and long-lived measures; and

5. Conservation Voltage Reduction (CVR) programs incorporate faulty assumptions for the measure life of savings, with potentially far-reaching implications for future program savings.

To address these observations and other specific findings, the Advocates respectfully recommend the following actions:

1. The Commission should establish an independently-facilitated working group charged with providing the Commission with recommendations for a limited-income EmPOWER goal that will ensure sufficient limited-income programs;

2. Until the Commission adopts a limited-income EmPOWER goal based on the recommendations of a LI working group, the Commission should direct DHCD to increase its annual LI program budget to at least $39 million to achieve per capita LI program spending that is on par with leading programs around the country, and to expand program participation and savings;

3. The Commission should approve DHCD’s proposal to use a portion of 2018-2020 funds for 2021 project completions on the condition that the budget increase
described above is approved and DHCD does not reduce savings within the 2018-2020 program cycle;

4. The Commission should approve BGE’s proposal to commit a portion of 2018-2020 funds to projects that will complete in 2021 on the condition that the 2018-2020 budget is increased by the amount at BGE expects to commit for 2021 projects, to ensure that savings within the 2018-2020 cycle are not reduced;

5. To ensure that multifamily customers are equitably served by EmPOWER programs, the Commission should require the Utilities to set budget, participation, and savings targets that are proportionate to the size of the multifamily market; ensure that multifamily owners have access to a single-point-of-contact and a streamlined application process that helps owners navigate the various residential and commercial incentive programs available to them; and develop and implement a plan to accurately track multifamily participants, spending, and energy savings;

6. The Commission should authorize BGE and WGL to provide funding for efficiency solutions to reduce natural gas use in master-metered multifamily housing;

7. The Commission should direct the Utilities to use consistent assumptions for CVR based on utility evaluation measurement and verification (EM&V) and Itron verification to ensure the Utilities do not claim annual CVR savings indefinitely and that they plan appropriately to meet ongoing savings requirements;
8. The Commission should approve utility proposals in the following areas, with conditions explained later in these comments:
   • Residential program consolidation
   • Smart thermostat promotion
   • Smart Homes
   • Locational Based Demand-Side Management (DSM)

9. The Commission should reject Potomac Edison’s proposal to implement a new energy-efficiency kit program and a “Customer Action Program”;

10. The Commission should reject Pepco and Delmarva’s proposal to open up Quick Home Energy Check-up (QHEC) eligibility to customers who have received a QHEC previously. Alternatively, the Commission should approve the proposal on a limited basis to test its viability;

11. The Commission should direct WGL to complete negotiations with DHCD and with the other electric utilities by a date certain to prevent further implementation delays to its limited-income and coordinated programs.

II. Discussion

1. The proposed participation, funding, and savings levels in the DHCD plans are too low.

   In their comments on the EmPOWER Maryland Spring 2017 Semi-Annual Reports, the Advocates showed, as they have in prior proceedings, that EmPOWER is providing far fewer savings for vulnerable Maryland families than are other leading energy-efficiency portfolios. Unfortunately, this trend continues with the current filings. Leading portfolios achieve LI
savings in the range of 3.5% to 4.0% of total portfolio savings, and in some cases even higher.\(^4\)

In comparison, the savings levels proposed for LI customers in the 2018-2020 DHCD Plan is less than 2% of each Utility’s overall proposed portfolio savings, as illustrated in Figure 1:

**Figure 1: Average 2018-2020 Proposed DHCD LI Savings Compared with 4.0% Leading LI Savings\(^5\)**

![Figure 1](image)

In addition to savings, DHCD’s proposed budgets are too low. According to ACEEE, annual median spending on LI energy-efficiency programs per LI resident\(^6\) is $30, among leading programs.\(^7\) In comparison, DHCD’s annualized budget for 2018-2020 amounts to $21

\(^4\) The Maryland Energy Efficiency Advocates Comments on the EmPOWER Maryland Spring 2017 Semi-Annual Reports, Maillog No. 214990 at 5.

\(^5\) The data in this figure is derived from Table ES-1 in DCHD and the Utilities’ Plans.

\(^6\) LI residents are those who are within 200% of the Federal Poverty Level (FPL), according to the US Census Bureau.

\(^7\) See Westen Berg et al., ACEEE, The 2017 State Energy Efficiency Scorecard, Report U1710 (Sept. 2017). *Available at http://aceee.org/research-report/u1710*. (Leading states are those states ranked higher than Maryland in the overall state ranking in Table ES1 on p. xi, including MA, CA, RI, VT, OR, CT, NY, WA, and MN. The 2016 spending on low-income energy efficiency programs per low-income resident in a particular state is from Table 22 on p. 53).
per low-income resident.\textsuperscript{8} To invest in LI programs at a rate that is comparable to leading programs, DHCD’s annualized budget should be increased to $39 M per year, for a three-year total LI budget of $117 M.\textsuperscript{9}

Increased funding is especially important in light of DHCD’s proposed program enhancements. For example, DHCD proposes to adopt a project management approach in the Multifamily Energy Efficiency and Housing Affordability (MEEHA) program that embodies the one stop shop concept. The Advocates strongly support this approach but successful implementation will require adequate funding. As DHCD noted in response to NRDC’s data request about the criteria and process it will use to move forward with the program enhancement, “there must be resources available in the budget to support the added service.”\textsuperscript{10}

The dramatic inequity experienced by the LI sector is striking in a visual representation of the LI savings in relation to the portfolio savings. BGE is used as an example in Figure 2, but the relative proportion of LI savings is low across all Utilities.

\footnote{DHCD requests a budget of $83.428 million (DHCD Plan at 4). There are 1.3 million individuals with incomes below 200\% of the FPL in Maryland, according to the Census Bureau.}

\footnote{The recommended budget is derived by multiplying the number of individuals with incomes below 200\% of the FPL in Maryland (1.3 million) by $30.}

\footnote{DHCD response to NRDC Data Request 1, Item 14(b).}
Many Maryland households face a high energy burden. In a study analyzing energy affordability in cities across the U.S., ACEEE defined household energy burden as “total annual utility spending (electric, gas, and/or other heating fuel) as a percentage of total annual gross household income.” This study found that “the median energy burden for low-income households is more than two times that of the median income household (7.2% and 3.5%,

Savings from Table ES-1 (Total Annualized Energy Savings in 2019 Forecasted Metrics) BGE Plan, Attachment 1; DHCD Plan at 62.

respectively), and three times greater than higher income households (2.3%).” In Maryland however, there are many households for whom the energy burden is even higher. The Home Energy Affordability Gap (HEAG) reports that:

The number of households facing unaffordable home energy burdens is staggering. According to the most recent five-year American Community Survey, more than 106,000 Maryland households live with income at or below 50% of the Federal Poverty Level and face a home energy burden of 36%. And nearly 114,000 additional Maryland households live with incomes between 50% and 100% of the Federal Poverty Level and face a home energy burden of 19%.”

In total, HEAG estimates that there are over half a million Maryland households with incomes below 200% of the FPL whose 2016 actual annual energy bills exceeded affordable energy bills by $1,475.

The disproportionate energy burden that LI households carry has detrimental consequences that extend beyond the financial realm. As summarized by ACEEE, “[h]igh energy burden can cause very real mental and physical health problems for household members due to thermal discomfort, inadequate lighting, unsafe housing conditions, and constant financial and social stress. Individuals who experience high energy burdens may cut back on necessary energy use and inadequately heat, cool, and light their homes, which can result in many negative health consequences.”

13 Id. at 9.
15 200% FPL is the Limited Income Energy Efficiency Program (LIEEP) eligibility criterion.
One solution to this disproportionate energy burden is increased energy-efficiency. Indeed, ACEEE reports that “[retrofitting a low-income family’s home can make it 25% more efficient than the average household’s, and this has the potential to reduce up to 30% of their energy burden.”\textsuperscript{18} Yet DHCD proposes in its Plan to reach fewer than 14,000 households between 2018-2020.\textsuperscript{19} At an average production rate of 4,667 households per year, it will require 109 years to reach all of Maryland’s eligible households.

Low-income energy-efficiency programs, such as the single-family Limited Income Energy Efficiency Program (LIEEP) and the MEEHA, also provide significant non-energy benefits (NEBs) that provide quality of life improvements and economic enhancements for low-income households. In its Maryland LI report, ACEEE illustrates the multiple benefits of energy-efficiency programs,\textsuperscript{20} including reduced arrearages and associated bad debt write-offs, fewer terminations and reconnections, higher comfort levels, better lighting quality, reduced water and sewer bills, reduced tenant turnover, reduced greenhouse gas emissions, and so on. Values for some of these NEBs are already included in EmPOWER cost-benefit analysis. ACEEE recommends that, in contemplating program eligibility, “DHCD should consider…using a broader test that includes multiple benefits such as reduction in arrearages and greater household comfort. If the multiple benefits of LIEEP and MEEHA are routinely tracked, DHCD could consider using potential non-energy benefits to qualify applicants in addition to their project’s potential energy savings.”\textsuperscript{21} The Advocates recommend that DHCD adopt such an expanded approach to determining eligibility.

\textsuperscript{18} ACEEE Making Maryland Homes More Affordable at 1.
\textsuperscript{19} DHCD Plan, Table 4.
\textsuperscript{20} ACEEE Making Maryland Homes More Affordable at 21-22.
\textsuperscript{21} Id. at 21.
2. The Commission should establish an independently-facilitated working group charged with providing the Commission with timely recommendations for a reasonable limited-income EmPOWER goal.

In its 2018-2020 Plan, DHCD proposed saving levels that average, in aggregate, roughly 24% more than DHCD projects it will save in 2017. This is illustrated in Figure 3 below. This increase is notable and provides a good first step towards ramping up Maryland’s limited-income EmPOWER programs to the level that is achieved by other leading portfolios. While the Advocates appreciate the DHCD’s efforts to identify approaches for achieving the increased savings, the increase is far too modest given the significant needs of Maryland’s limited-income households.

Figure 3: DHCD Projected Net Wholesale MWh Savings 2017-2021

To achieve the level of LI savings necessary to provide the needed relief for vulnerable households, the Advocates refer back to an earlier recommendation concerning the formation of an independently-facilitated LI Work Group. In its comments on the Spring 2017 Semi-Annual

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22 Savings from Table ES-1 (Total Annualized Energy Savings), DHCD Plan at 62.
Reports, the Advocates proposed “a new ‘task-force’ style Low Income Work Group that is led by an independent facilitator. Such an approach, coupled with clear direction and expectations for actionable deliverables to the Commission, will ensure that the Low Income Work Group meets the Commission’s requirements and finally develops a consensus recommendation for LI goals.”23 This LI Work Group could also serve to expediently resolve LI program implementation questions (including DHCD’s application of a savings-to-investment (SIR) test, as discussed below). In sum, DHCD’s proposed Plan highlights the need for a LI Work Group, and the Advocates urge the Commission to include such direction in its Order on the 2018-2020 EmPOWER Plans, along with requirements for specific deliverables and due dates.24

3. **DHCD has proposed a number of encouraging improvements for its LI programs, and there is room for further improvement.**

While the DHCD Plan falls far short of the level of investment and savings needed to adequately serve Maryland’s limited-income households, the Advocates recognize the hard work that DHCD has put into developing program improvements. DHCD’s Plan reflects a level of awareness of the challenges that the programs have faced and a willingness to respond to stakeholder input that has not been demonstrated in previous plans and reports. The Advocates acknowledge and thank DHCD for sponsoring the series of stakeholder workshops and working groups over the course of the summer in which DHCD program staff showed a keen interest in

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23 The Maryland Energy Efficiency Advocates Comments on the EmPOWER Maryland Spring 2017 Semi-Annual Reports, Maillog No. 214990 at 8.

24 The Advocates acknowledge and appreciate the Commission’s recent Order No.88402 at 9-10, which, among other things, makes explicit the understanding that a stakeholder may request that Staff convene a Work Group on any topic the stakeholder finds important. That opportunity notwithstanding, the Advocates find that the topic of Limited Income goal setting is sufficiently important to require specific direction from the Commission, with authorization for the funding of an independent facilitator.
understanding and incorporating perspectives from the myriad stakeholder representatives.

Among the program enhancements and improvements that DHCD proposes in its Plan, the Advocates particularly appreciate the following:

**LIEEP**

- DHCD proposes to implement a tiered approach to providing services in LIEEP. When homes require extensive repairs or remediation of health and safety issues that are beyond the scope of the program, rather than simply leaving a kit for participants “…the project will qualify for the replacement of baseload measures and HVAC systems where the replacement does not cause a negative impact on the health and safety of occupants or degradation of the building materials.”

This is a logical and laudable change from past practice that will increase benefits in challenging homes. The Advocates also recommend that DHCD assess the viability of an additional, limited-time program to provide HVAC systems and baseload measures to homes that were deferred under past protocols, thereby delivering greater savings to these households.

- DHCD “…proposes to remove all limits on measure quantities that can be installed in a home. Any number of replacements should be considered, as long as the equivalent number of inefficient equipment is present and the replacement meets cost-effectiveness requirements and does not exceed the EmPOWER related job budget caps.”

Removing the arbitrary measure quantity limits that

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25 DHCD Plan at 32.
26 Id. at 33.
were used previously will increase household and program savings and overall cost-effectiveness.

- DHCD describes expanded approaches to customer intake for LIEEP that are designed to “better inform customers about the processes involved in weatherization projects….” 27 The Advocates agree that better intake processes are needed and appreciate DHCD’s attention to this area. DHCD also notes that it will “revise the current program operations manual (“POM”) to simplify processes wherever possible, to clearly articulate the steps required at specific points of the process, and therefore reduce the burden of requirements on the customer and contractors.” 28 DHCD’s attention to simplifying program processes is needed. However, some concerns remain, as discussed later in these comments.

- The Advocates applaud DHCD’s proposal to “implement a fast track for critical medical needs customers,” 29 and especially appreciate that it is the result of a collaborative effort between several agencies and organizations. This level of collaboration is encouraging, as it should be a hallmark of EmPOWER’s approach to the complex limited-income sector.

**MEEHA**

The Advocates note the following as improvements to previous MEEHA implementation practices:

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27 *Id.* at 23.
28 *Id.* at 25.
29 *Id.*
• DHCD states that it “is experiencing an increase in the percentage of projects seeking funds for energy retrofits only (non-pipeline projects30)…."31 The multifamily housing market is typically complex, with many different types of buildings and ownership structures involved, and the Advocates are glad to see expanded attention to non-pipeline projects.

• DHCD notes that it “has already started to contact owners of multi-unit properties directly when one of their renters signs up for LIEEP. This process increases collaboration of landlords and often results in the participation of all single-family units within a multi-unit rental community”32 This is an example of how a program can and should provide effective customer service as a means of improving customer experience and program outcomes, rather than simply responding with a process or policy approach that does not foster improved outcomes. In other words, the past practice of simply telling a renter that he or she is not eligible for the program because the landlord has to apply shifts the responsibility for success away from the program and onto the tenant with potentially limited ability to engage the landlord. Approaching renter applications as an opportunity for the program to engage with landlords to encourage participation across entire properties is responsive to customer needs and more likely to lead to participation. DHCD also notes that it “concludes that more personal attention and specific information, particularly for tenants, is required.

30 DHCD refers to projects that are engaged with DHCD for financial assistance for new construction, rehabilitation, and acquisition/rehabilitation outside of the EmPOWER program, and to which it also provides EmPOWER funding, as pipeline projects. See DHCD Plan at 6.
31 Id. at 6.
32 Id. at 23.
OHEP customers need to receive better program information and landlord participation needs to be facilitated by program guidelines.”33 The Advocates appreciate DHCD’s attention to this opportunity.

- DHCD proposes to provide “upfront funding assistance for energy audits”34 for retrofit multifamily projects. The Advocates agree that the upfront cost of energy audits can be a barrier to participation, but urges DHCD to consider how it can minimize the incidence of providing funding for audits that do not lead to subsequent measure installations. Programs use a variety of approaches to accomplish this, some of which could include:

  o Requiring building owners to sign an agreement stating that they are accepting the audit funding based on a good faith agreement to install any cost-effective measures that are identified;

  o Requiring owners to agree to pay the program back for a portion of the audit cost if they do not install the recommended measures; and

  o Structuring the upfront funding as an advance, which is rolled into subsequent project financing and paid back to the program.

- DHCD proposes to provide “limited…energy efficiency and building science training to industry professionals that work directly on MEEHA funded projects to improve the design, installation, and delivery of energy saving measures so work is performed more efficiently and effectively.”35 The Advocates support this

33 Id. at 31.
34 Id. at 59.
35 Id. at 53.
as a component of a holistic approach to overcoming the barriers to greater efficiency in affordable multifamily housing.

- DHCD proposes to introduce “a limited list of measures with fixed not to exceed incentives on measures that are likely to be ‘generic’ or common enough that will be installed fairly frequently which will allow for improved budgeting and cost management.”\(^{36}\) This will also improve program predictability for participants, which may reduce participation barriers linked to the uncertainty of incentives.

- DHCD notes that it “may also introduce the ‘One Stop Shop’ project manager concept utilized in the Customer Investment Fund multifamily program.”\(^{37}\) While DHCD’s proposal is short on details the Advocates strongly urge DHCD to adopt an approach that embodies the one stop shop concept, meaning simply that program participants have a single-point-of-contact for all of their program-related needs. Making it crystal clear who potential participants should work with can eliminate an enormous amount of confusion and frustration, thereby increasing participation and customer satisfaction at the same time.

In general, the Advocates commend DHCD for proposing a Plan that shows considerable responsiveness to customer needs. However, certain aspects of DHCD’s proposal require further attention. These include the following:

- DHCD proposes many program enhancements. It is essential that tools and processes are put in place to allow the outcomes associated with these

\(^{36}\) *Id.* at 54-55.

\(^{37}\) *Id.* at 47.
enhancements to be tracked, but it is not clear from the Plan that this will be the case.

- DHCD still appears to rely primarily on OHEP applications for the purpose of identifying potential program participants. DHCD must also address customers at the 175%-200% FPL income level, as these customers are eligible according to program criteria and may not be aware of the program benefits that are available to them.

- In MEEHA, DHCD relies on the SIR test to determine the level of customer copay, based on measure cost-effectiveness. This seems to function as some kind of proxy for the utility cost test, but it is not clear why such a test is important in this application. The Advocates feel that the DHCD process and purpose for using SIR merit closer examination to define the “problem” that it is being used to “solve” and to identify alternative approaches that are more consistent with Commission guidance. The Advocates suggest that this could best be accomplished by a LI Work Group, as discussed above.

- As noted by DHCD in its Plan, and by the Advocates previously, the lack of an approved mechanism for providing services for affordable multifamily housing that is master-metered for natural gas leaves potentially significant energy savings opportunities on the table. As ACEEE observes, “[t]he PSC should allow DHCD to provide commercial natural gas incentives to MEEHA applicants who are building owners, as many of them are likely in need of upgrades for natural gas

38 Id. at 51-53.
building equipment.” The Advocates respectfully urge the Commission to provide such a mechanism by allowing Utilities to recover costs of investments in master-metered multifamily natural gas efficiency projects.

- DHCD proposes a new pilot program known as the Maryland Energy Efficiency Tune-up (MEET) program. The Advocates appreciate DHCD’s recognition of the importance of “prolong[ing] the life of installed measures and increase[ing] long term energy savings via ongoing customer engagement and maintenance of installed equipment.” The Advocates agree that this is an innovative approach and applaud the effort that DHCD put into its design. However, the Advocates are not convinced that allocating even the modest budgets proposed for MEET is appropriate given that they are targeted to previous LIEEP participants and there appear to be many eligible households who have not yet received LIEEP services for the first time. Additionally, the program may be too administratively complex for the relatively modest benefits it provides, with potential requirements that could include having eligible MEET customers recertify their incomes, in certain cases. The Advocates also have concerns that structuring the program to be similar to the QHEC may result in duplicative services, with reduced energy saving opportunities. Rather than establishing a follow-on for previous LIEEP customers, the Advocates urge DHCD to consider whether it would be administratively more efficient both for DHCD and customers to simply target an education/behavioral component to a subset of current LIEEP participants.

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39 ACEEE Making Maryland Homes More Affordable at vi.
40 DHCD Plan at 39.
Comparing the savings of LIEEP participants who do not receive MEET-like add-on services to those who do might also be a better model for using EM&V to test the additional savings that result.

4. **Multifamily tenants, and renters in general, will continue to receive too low a share of DHCD program services as compared to limited-income homeowners.**

DHCD’s MEEHA Program is a critical component of the EmPOWER limited-income portfolio. There are approximately 120,000 affordable multifamily housing units\(^{41}\) in the state of Maryland, and an unknown number of additional unsubsidized multifamily units that house limited-income Marylanders. Other than owner-provided funds, MEEHA is the only source of funding available to comprehensively improve the energy-efficiency of these developments.

While the Advocates are supportive of many of the changes to MEEHA outlined in DHCD’s Plan, we do not believe that DHCD has set appropriate budget and energy savings targets for MEEHA. As can be seen in Figure 4 below, the savings that DHCD proposes to capture in MEEHA for multifamily housing are only a fraction of the savings proposed for LIEEP.

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\(^{41}\) Defined as rental housing with five or more units with some form of state or federal project-based housing subsidy. Owners of these properties are restricted from raising rents over a certain level. *See NHT analysis of data from the National Housing Preservation Database compiled by the Public and Affordable Housing Research Corporation (PAHRC) and the National Low-Income Housing Coalition (NLIHC).*
In fact, DHCD’s forecasted energy savings for MEEHA as a share of total savings from the LI programs is significantly less in the 2018-2020 Plan than it was in the 2015-2017 Plan, as illustrated in Table 1 below. This relative reduction in MEEHA savings suggests that DHCD is not placing a sufficient priority on achieving multifamily savings in the next EmPOWER cycle.

Table 1: Percentage of MWh Savings attributed to MEEHA in DHCD Plans

<table>
<thead>
<tr>
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<th>2015-2017</th>
<th>2018-2021</th>
</tr>
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<tbody>
<tr>
<td>Percent of Forecasted Limited-Income Savings (MWh) from MEEHA</td>
<td>34%</td>
<td>17%</td>
</tr>
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</table>

42 Table ES-1 (Total Annualized Energy Savings), DHCD Plan at 62.
43 The data for this table is derived from DHCD’s 2017 Q1/Q2 Semi-Annual Report, Appendix A (showing a forecasted annualized energy savings of 25,785 MWhs for LIEEP and 13,377 MWhs for MEEHA in 2015-17) and DHCD’s 2018-2021 Plan, Table ES-1 at 65 (showing a forecasted annualized energy saving of 23,871 MWhs for LIEEP, 414 MWhs for MEET, and 5,011 MWhs for MEEHA in 2018-21).
Adequate funding for MEEHA is especially important in light of the high level of interest in the program. DHCD reports that it has received applications for 10,213 units, of which 46% will receive funding in the current cycle. This will fully expend the remaining 2015-2017 residential budget.\textsuperscript{44} DHCD proposes that the balance of the applications, consisting of 5,515 residential units, will be funded under the 2018-2020 MEEHA budget.\textsuperscript{45} At an average per unit cost of $2,524,\textsuperscript{46} funding for applications that have already been submitted to DHCD would consume nearly $14M, or roughly 83%, of the 2018-2020 MEEHA residential budget. In this scenario, only 17 percent of DHCD’s 2018-2020 residential MEEHA budget would remain for new applications.\textsuperscript{47} This high demand should be met with sufficient funding.

In addition to overall inadequate funding, the proposed budget allocation across utility service territories does not accurately reflect the distribution of affordable multifamily housing in Maryland. Table 2 below compares DHCD’s proposed MEEHA budget allocation by utility service territory to the concentration of the state’s subsidized affordable housing. This comparison suggests that the share of MEEHA budget allocated to BGE and Pepco should be higher by 4 and 16 percent respectively, while the share of MEEHA budget for SMECO, Potomac Edison, and Delmarva should be 4, 6, and 10 percent lower respectively than currently proposed by DHCD.

\textsuperscript{44} DHCD Response to Staff Data Request No. 1-2, regarding 2018-2020 EmPOWER Maryland Program Limited-Income Plan.
\textsuperscript{45} Id. If 46% of the 10,213 units is to receive funding with the 2015-2017 MEEHA budget, then 54%, or 5,515 of current applications are to be funded from the 2018-2020 budget.
\textsuperscript{46} Based on the per unit cost in the MEEHA program to date as documented in DHCD’s 2018-2020 EmPOWER Maryland Program Limited-Income Program Plan at 6.
\textsuperscript{47} DHCD’s proposed residential budget for the 2018-2020 MEEHA plan is $16,693,000 according to DHCD’s 2018-2020 EmPOWER Maryland Program Limited-Income Program Plan at 61. $14,000,000 divided by $16,693,000 is 83%.
Table 2: Comparison of DHCD proposed allocation of the MEEHA budget to the distribution of subsidized affordable housing

<table>
<thead>
<tr>
<th>Utility</th>
<th>Proposed Allocation of MEEHA Budget</th>
<th>Distribution of Subsidized Affordable Housing</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGE</td>
<td>50%</td>
<td>54%</td>
<td>-4%</td>
</tr>
<tr>
<td>Pepco</td>
<td>12%</td>
<td>28%</td>
<td>-16%</td>
</tr>
<tr>
<td>Potomac Edison</td>
<td>12%</td>
<td>6%</td>
<td>+6%</td>
</tr>
<tr>
<td>Delmarva</td>
<td>18%</td>
<td>8%</td>
<td>+10%</td>
</tr>
<tr>
<td>SMECO</td>
<td>8%</td>
<td>4%</td>
<td>+4%</td>
</tr>
</tbody>
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It appears that DHCD applied the same EUSP-based formula to allocate the overall limited-income budget across the utility service territories regardless of the distribution of multifamily housing.\(^{49}\) We recognize that this approach is currently required by the Commission. However, when considering how to allocate the MEEHA budget, the proportion of the state’s affordable multifamily housing stock should be considered to accurately align the size of the budget with the size of the need in each service territory. Rather than adjust the proposed allocations, the Advocates urge the Commission to direct DHCD to make equitable corrections with increased MEEHA and LIEEP budgets, to ensure that both single and multifamily residents

\(^{48}\) The data in this Table is derived from the proposed allocation of MEEHA budget by service territory, as presented in DHCD’s 2018-2020 EmPOWER Maryland Program Limited-Income Program Plan. See Table ES-3B Revised, DHCD Plan at 68-69). The distribution of subsidized multifamily households is based on a National Housing Trust analysis of data from the National Housing Preservation Database, which is compiled by the Public and Affordable Housing Research Corporation (PAHRC) and the National Low Income Housing Coalition (NLIHC) and is available at http://preservationdatabase.org/.

\(^{49}\) DHCD response to NRDC Data Request 1, Item 1.e.
receive fair access to these vital energy-efficiency services, regardless of the utility territory in which they reside.

5. The Utilities’ Plans do not adequately and equitably serve the needs of the multifamily housing market.

In previous EmPOWER proceedings, the Advocates have raised concerns regarding the insufficiency of multifamily efficiency programs. The Commission has acknowledged these concerns in several orders. For example, in Order No. 87082, regarding EmPOWER programs that serve multifamily housing, the Commission stated that it “concur[s] with the recommendation by Staff and others that sector progress should continue to be tracked to ensure the equitable distribution of utility resources.”50 In Order No. 88007, the Commission expressed its concern for the “growing perception that the multifamily sector is not afforded equitable access to the EmPOWER programs offered by both the Utilities and DHCD … We remind the Cooperatives – as well as the other Utilities, DHCD, and all stakeholders participating in the EmPOWER process – of the importance of extending EmPOWER programs to all market segments and in a manner that reflects appropriate geographic dispersion of the funds.”51

Unfortunately, the Utilities are not adequately tracking results in the multifamily sector, making it a challenge to determine if sector equity is being achieved. Further, the Utilities have not proposed program plans that ensure that owners and residents of multifamily housing have equitable access to EmPOWER resources. Most of the Utilities have not forecast spending and energy savings targets for multifamily housing. In response to data requests from NRDC, SMECO stated that it “is unable to track multifamily separate from other residential and

50 Commission Order No. 87082 at 29.
51 Commission Order No. 88007 at 10.
commercial customers.” Potomac Edison similarly stated that it “does not have program budget projections specific for multifamily properties.” And Pepco and Delmarva stated that “[p]articipation and savings were not forecasted specifically for multifamily customers.”

BGE, in contrast, did provide participation, budget, and savings projections for multifamily housing for its C&I programs and for its multifamily QHEC program. Unfortunately, the QHEC forecast is low in comparison to the size of the multifamily market. BGE forecasts that multifamily units will make up 7 percent of QHEC residential participants and will receive 7 percent of the QHEC budget. Multifamily housing makes up 24 percent of the housing market in BGE’s service territory.

It is hard to imagine how the Utilities can equitably serve multifamily housing without establishing reasonable spending and savings targets and a focused multifamily strategy at the outset of the program cycle. In its comments on the EmPOWER Maryland Spring 2017 Semi-Annual Reports, the Advocates noted that “EmPOWER services to the multifamily (MF) market are highly fragmented,” but the Utilities have not proposed programs for 2018-2020 that will alter this. The Advocates further recommended that “[a] centralized, fuel-neutral and sector-neutral MF program offering should be considered for the 2018-20 program cycle in both LI and market rate MF housing,” noting that “[b]est-practice MF efficiency programs…rely on an account-management approach, where relationships are established between the program

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52 SMECO’s response to NRDC Data Request No. 1, Item No. 1-3.
53 Potomac Edison’s Response to NRDC Data Request No. 1, Item No. 1-4.
54 Pepco and Delmarva responses to NRDC Data Request No. 1, Question No. 3.a.
55 BGE response to NRDC Data Request No.1, DR1-2, DR1-3, DR1-4
56 Id.
57 Census Bureau American Community Survey
implementer and property owners/manager, and where fuel-neutral and sector-neutral approaches drive comprehensive results.”59 This perspective is supported by research: according to ACEEE, “[i]f a program is not targeted directly to multifamily buildings, it is hard for building owners to figure out which residential or commercial rebates they may receive. In addition, participation in these programs can require high transaction costs in terms of the time it takes to determine eligibility and complete multiple applications to separate utilities for each installed measure.”60

Unfortunately, nothing of this sort was proposed by any of the Utilities in their 2018-2020 Plans.

In order to ensure that multifamily customers are equitably served by EmPOWER programs, the Advocates recommend that the Commission require the Utilities to:

- Set budget, participation, and savings targets that are proportionate to the size of the multifamily market;
- Ensure that multifamily owners have access to a single-point-of-contact and a streamlined application process that makes it easy for owners to navigate the various residential and commercial incentive programs available to them; and
- Develop and implement a plan to accurately track multifamily participants, spending, and energy savings.

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59 Id. at 10.
6. Efficiency services for multifamily customers using natural gas on commercial rates are not sufficient for either limited-income or market-rate properties.

In addition to the deficiencies in multifamily program offerings described above, the Advocates also find that efficiency opportunities for natural gas improvements for master-metered multifamily properties and for commercially-metered common areas and energy systems are insufficient. BGE states that “there are no BGE C&I natural gas programs available to any C&I customers, including master-metered multifamily properties, since no BGE C&I gas customer contributes to the EmPOWER Maryland surcharge.”61 This is true both for affordable multifamily properties that would be served by DHCD and for market-rate properties that would be served directly by the Utilities. The result is that there is no opportunity to address what may be the largest share of utility costs for multifamily properties that use natural gas for heat and/or hot water.

WGL states that “[t]he commercial programs are available for master-metered natural gas multifamily properties, both at the market rate and limited income multifamily properties.”62 But no agreement exists with DHCD for LI efficiency program coordination. Such coordination is needed to assure that limited-income multifamily housing that uses natural gas on commercial meters is indeed able to move forward with efficiency projects. DHCD includes a master-metered component in its 2018-2020 MEEHA Plan,63 but its ability to implement this important component will be contingent on Commission approval, including authorization for BGE and

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61 BGE Response to NRDC Data Request No. 1, DR1-5.
62 Washington Gas Response to NRDC Data Request No. 2, Question No. 2-5.
63 DHCD Plan at 51-53.
WGL to recover efficiency program costs for multifamily properties that are master-metered for natural gas.

7. The Commission should approve DHCD and BGE’s proposal to use a portion of 2018-2020 funds for 2021 project completions only if budgets are increased to account for the 2021 project completions.

In its filing, BGE identifies the lack of program continuity in the C&I sector as a significant challenge that could undermine its ability to maintain production at the end of the 2018-2020 program cycle and the beginning of the 2021-2023 cycle. Specifically, BGE states that it “needs the capability to commit to long term projects where completion dates will fall outside of the 2018-2020 program cycle. This will provide customers the assurance they need that incentives for future projects are available so that they design upfront energy efficiency equipment within their project.”

DHCD proposes a “3-month extension of the LIEEP program cycle” and “a 12-month extension of the MEEHA program cycle into the subsequent cycle” to address a similar concern.

The Advocates agree that it is critically important to provide funding reliability and continuity for Maryland’s energy-efficiency markets. However, we are concerned about deferring the expenditure of funds that could and should be invested in the 2018-2020 program cycle to 2021. EmPOWER performance is premised on three-year program cycles, and savings that occur outside of the cycle should not count towards the annual savings targets within the cycle. Indeed, reserving funds from the 2018-2020 cycle for projects that will complete in 2021 will reduce the savings that occur within the three-year plan period. This could cause BGE to

64 Id. at 96.
65 DHCD Plan at 28, 49.
fall short of its statutory savings obligation and, as illustrated in Figure 3 above, will result in reduced DHCD savings in 2020 compared with 2019.

For this reason, the Advocates respectfully urge the Commission to approve DHCD and BGE’s requests only if

1. DHCD’s overall budget is increased as recommended above;

2. The increase in DHCD’s MEEHA budget is allocated so that the individual utility MEEHA budgets reflect the distribution of affordable housing in the state, and

3. BGE’s 2018-2020 budget is increased by the amount that it anticipates committing to projects that will complete in 2021.

Alternatively, given the 2021-2023 EmPOWER savings goal adopted by the Commission and subsequently codified by the General Assembly, the Commission could approve BGE and DHCD funding commitments from anticipated 2021-2023 budgets in its Order on the 2018-2020 Plans. This could provide BGE and DHCD with a mechanism to enroll long lead time projects with expected 2021 completions, thereby providing program continuity without diminishing the savings that occur in 2018-2020.

8. **In general, the Utilities’ Plans appear to continue to over rely on short-lived measures, rather than strike an appropriate balance of short and long-lived measures.**

The Advocates and others have commented previously on the high percentage of behavior program savings in the EmPOWER portfolios, and the Commission has similarly voiced concerns in its Order No 87575 and at the May 25, 2017, Technical Conference. In its recent Order No. 88402, the Commission directed the Behavior-Based Programs Work Group to continue to assess specific questions regarding behavior programs, including, among others,
whether there should be a cap on the size of behavior programs relative to the Utilities’ portfolios as suggested previously by the Advocates.66

Behavior program savings remain a very large proportion of portfolio savings in the 2018-2020 Plans, especially for WGL. However, the absence of Pepco and Delmarva’s “Energy Management Tools” (EMT) programs from their 2018-2020 portfolios, which were in effect behavior programs, reduces the percentage of portfolio savings projected to come from behavior programs for those utilities going forward by a considerable amount. The percentage of savings projected to come from behavior programs in 2018 is illustrated in Table 3:

<table>
<thead>
<tr>
<th>Utility</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGE</td>
<td>25%</td>
</tr>
<tr>
<td>PE</td>
<td>32%</td>
</tr>
<tr>
<td>SMECO</td>
<td>32%</td>
</tr>
<tr>
<td>PEPCO</td>
<td>14%</td>
</tr>
<tr>
<td>Delmarva</td>
<td>14%</td>
</tr>
<tr>
<td>WGL</td>
<td>67%</td>
</tr>
<tr>
<td>DHCD</td>
<td>0%</td>
</tr>
</tbody>
</table>

These values are in sharp contrast to the 2016 reported combined savings for EMT and behavior programs, which totaled 43.5% of portfolio savings for Pepco and 61% of portfolio savings for Delmarva.68

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66 The Maryland Energy Efficiency Advocates Comments on the EmPOWER Maryland Spring 2017 Semi-Annual Reports, Maillog No. 214990 at 12.
67 The data in this table is derived from the “Total Annualized Energy Savings (MWh)” column in the Table ES-1 in the Utilities’ Plans.
68 Id.
9. Uniform EM&V assumptions for CVR must be implemented to ensure that the Utilities do not claim annual CVR savings indefinitely and that they plan appropriately to meet ongoing savings requirements.

Across the 2018 proposed portfolios, the percentage of programs that have only a one-year measure life (including CVR) seems quite high, as seen in Table 4:

Table 4: Measure Lives in 2018 EmPOWER Forecasts

<table>
<thead>
<tr>
<th>Utility</th>
<th>Average Measure Life</th>
<th>% of Portfolio Savings from Behavior</th>
<th>2018 Forecast</th>
<th>% of Portfolio Savings with 1 year life</th>
<th>% of Portfolio Savings &gt;=15 year life</th>
</tr>
</thead>
<tbody>
<tr>
<td>BGE</td>
<td>7.7</td>
<td>25%</td>
<td>26%</td>
<td>52%</td>
<td>36%</td>
</tr>
<tr>
<td>PE</td>
<td>9.1</td>
<td>32%</td>
<td>0%</td>
<td>32%</td>
<td>34%</td>
</tr>
<tr>
<td>SMECO</td>
<td>10.4</td>
<td>32%</td>
<td>10%</td>
<td>42%</td>
<td>41%</td>
</tr>
<tr>
<td>PEPCO</td>
<td>12.0</td>
<td>14%</td>
<td>30%</td>
<td>45%</td>
<td>47%</td>
</tr>
<tr>
<td>Delmarva</td>
<td>13.7</td>
<td>14%</td>
<td>12%</td>
<td>27%</td>
<td>46%</td>
</tr>
<tr>
<td>WGL</td>
<td>5.2</td>
<td>67%</td>
<td>N/A</td>
<td>67%</td>
<td>9%</td>
</tr>
<tr>
<td>DHCD</td>
<td>15.7</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>93%</td>
</tr>
</tbody>
</table>

Because several of the Utilities obtain a large fraction of portfolio savings from CVR, the overall average measure life of the portfolios skews lower. Responses to NRDC discovery, as well as industry literature, reveal an inconsistent understanding of how to consider CVR savings towards ongoing utility savings obligations. While the ES tables invariably show a one-year measure life for CVR, BGE states that “[t]he customer energy use reductions due to CVR are persistent, continuing to provide annual customer usage reductions.” Unfortunately, Pepco and Delmarva report a different and potentially troubling view of CVR persistence. NRDC’s Data Request No.

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69 The data in this table is derived from the “Total Annualized Energy Savings (MWh)” column in the Table ES-1 in the Utilities’ Plans. The average measure life was calculated by dividing the lifecycle energy savings by the annualized energy savings.

70 BGE Response to NRDC Data Request No. 1, DR1-13.c.ii.
1, Question 13.b.iv asks “does the estimated one year measure life suggest that Pepco expects to conduct CVR on an annual basis and report CVR savings towards its EmPOWER goal indefinitely?” In response, Pepco and Delmarva simply say “yes.”

Unlike behavior programs, CVR is not a program that can be implemented, and for which annual savings can be claimed, year after year on the same circuits. BGE states that it “expects to complete deployment of CVR by the end of 2021,” and this is consistent with the Advocates understanding of CVR as a phased program that will be completed at a certain point in time. This understanding is also consistent with the Electric Power Research Institute (EPRI) research that assumes a fifteen-year planned life of energy savings for the purpose of calculating the cost-effectiveness of CVR investments.

CVR savings assumptions must verified through utility EM&V and by Itron, and consistent assumptions for CVR savings must vetted and approved by the Commission. The Advocates raised these concerns previously with respect to Pepco’s planned CVR savings, noting the critical importance of developing other program areas now, so that the Utilities are positioned to continue to meet their statutory savings goals once CVR projects have been completed. Given the percentage of portfolio savings that are attributed to CVR in the 2018-2020 plans, this is no less critical than planning for the end of retail lighting savings. An enormous source of EmPOWER savings will no longer be available in the 2021-2023 program

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71 Pepco Responses to NRDC Data Request No. 1, Question No. 13.b.iv; Delmarva Response to NRDC Data Request No. 1, Question No. 12.b.iv.
72 BGE Response to NRDC Data Request No. 1, DRI-13.b.1.
cycle. Failing to plan for this now could make it difficult for the Utilities to meet their savings obligations.

10. The Utilities present several program improvements but some proposals raise concerns.

- Residential program consolidation

Most of the utilities, including SMECO, Delmarva, Pepco, Potomac Edison, and BGE, describe plans to consolidate several of their residential programs. The Advocates appreciate the intent of such consolidation and in general support a greater level of flexibility for the Utilities as they implement the EmPOWER programs. However, such flexibility should not be without bounds. The Utilities should not be allowed to shift funds from high-value, harder to implement programs, such as Home Performance with ENERGY STAR, to low-value, easier to implement programs such as energy-efficiency kits. The Advocates suggest that flexibility be limited to 20% of any program’s budget for this reason.

Further, it is critical that program consolidation not be equated with a reduced need for transparency in planning and reporting. Utilities should continue to report costs and savings at the sub-program level if the Commission moves forward with approval of the proposed consolidation.

- Smart thermostat promotion

Smart thermostat promotion is an element of all of the Utilities’ Plans, as it is for DHCD. For some utilities, such as BGE, Pepco, and Delmarva, smart thermostats will be available through multiple programs and delivery channels. BGE states that “Smart Thermostats will be an approved measure in the Appliance Rebate, Residential HVAC, Quick Home Energy Check-
The Advocates recognize that potential benefits related to smart thermostats are large, and support their promotion.

The Advocates are concerned, however, that utility plans for coordination with DHCD are not well-laid out in either the Utilities’ or DHCD’s Plans. DHCD has a unique opportunity to promote participation in utility smart thermostat programs, including those that offer demand response and opt-in thermostat optimization programs. DHCD can also install thermostats while they are in customers’ homes. In the Advocates view, this coordination must be properly defined and implemented to ensure that limited-income ratepayers are able to fully take advantage of smart thermostat opportunities.

Moreover, internet access is far less for limited-income households than for most Maryland families. The American Community Survey for 2016 estimates that depending on their county of residence, roughly 30%-40+% of Maryland households with annual incomes of less than $20,000 do not have internet access at home, compared with low single-digit percentages for households earning over $75,000 annually. DHCD and the Utilities should track the extent to which lack of internet access limits the participation of limited-income households. It may be necessary to consider alternative ways of providing equitable access to efficiency opportunities if the lack of internet access turns out to place significant limitations on the ability of limited-income households to participate in cost-effective energy-efficiency programs.

75 BGE Plan at 22-23.
76 https://factfinder.census.gov/faces/tableservices/jsf/pages/productview.xhtml?pid=ACS_16_1YRS2801&prodType=table
Finally, it is incumbent upon the Commission, Utilities, and DHCD to ensure that full transparency is provided to participants regarding thermostat optimization programs. While the idea of having the utility or a third-party vendor responsible for making small adjustments to thermostat settings may not raise an eyebrow for some customers, it likely will for others. Presumably, the experiences gained in smart meter deployment will be useful in assuring that transparency about the level of “control” of customers’ homes that utilities may have through thermostat optimization is communicated clearly.

- **Smart Homes**

Several of the utilities, including SMECO, BGE, Pepco, and Delmarva, propose Smart Home pilots using Program Investigation, Design, and Development (PIDD) funds. The Advocates support these pilots because gaining a better understanding of the opportunities that these emerging technologies provide will be essential to ensuring continued savings in the future. We also appreciate the Utilities’ efforts to identify different aspects of Smart Home implementation for each utility to study and encourage a high level of coordination in the initial planning and implementation of these pilots so that duplication is minimized and the results are useful to each Utility.

As with the smart thermostat programs, the Advocates are concerned that because limited-income households have less access to internet services they will similarly not have access to the benefits of future smart home programs. That said, this is not a reason to defer smart home pilots, but rather an equity issue to consider and monitor during the pilots so that any future broad implementation of smart homes programs is designed to be as inclusive as possible.
• **Locational Based Savings**

Pepco and Delmarva propose using PIDD funds to conduct a locational value study to “help determine whether there are avoided cost benefits that are not currently accounted for but that the Company is getting, or could be getting, from its programs.”\(^7\)\(^7\) The study presumably would identify areas where the distribution system is currently or expected to become constrained due to growth, and would derive locational avoided costs based on the value that energy-efficiency and distributed energy resources (DER) could provide in deferring or avoiding construction of distribution infrastructure.

The general value of energy-efficiency in deferring such construction is described in a report from the Northeast Energy Efficiency Partnerships, which also provides examples of jurisdictions that are making similar explorations.\(^7\)\(^8\) The Advocates support such a study, and urge Pepco and Delmarva to not only assess locational avoided costs, but to also consider the types of programs that could be implemented successfully to achieve savings that would be effective in deferring transmission and distribution (T&D) construction.

In addition, the Advocates respectfully suggest to the Commission that there should be no assumptions regarding how geographically targeted energy-efficiency and DER programs might fit under the EmPOWER umbrella without public discussion. For example, it may be that EmPOWER is most appropriately used as a system-wide, broad-based program, and that locationally-focused programs would be better treated under a rate-based mechanism that is more

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\(^7\) Pepco Plan at 66 (emphasis added).

closely related to the treatment of costs for the infrastructure investments that they defer. The Advocates do not have an opinion on this question at this time but suggest that different approaches should be considered when the time comes.

11. Utility-Specific Comments

a. Potomac Edison

- **Energy Efficiency Kits**: Potomac Edison previously implemented a “kits” program, primarily in 2011-2012, and reports that the program had nearly 129,000 participants.\(^{79}\) In its 2018-2020 Plan, Potomac Edison is proposing once again to provide customers with energy-efficiency kits that will “introduce customers to energy efficient technologies that can be easily installed in the home, and serve as a gateway for broader home energy efficiency education.”\(^{80}\) The Advocates are deeply concerned about the benefits that such kits will provide, especially given the large percentage of customers who received them previously. Of course, we understand that some new measures, such as LED bulbs, will be in the “new” kits, but this does not make a compelling case for why this program should be approved. Given that Potomac Edison has been implementing lighting programs for many years, it is hard to imagine that there are another 60,000 households who are unfamiliar with efficient lighting, nor that Potomac Edison will be able to isolate these kits to those households who have not already either received a kit or participated in one of the other Potomac Edison programs.

\(^{79}\) Potomac Edison Plan, Table ES-1 at 141.
\(^{80}\) *Id.*, Table 2 at 14.
The Advocates respectfully urge the Commission to deny approval of this program and to direct Potomac Edison to provide energy-efficiency programs that will achieve reliable and durable savings in its place.

- **Customer Action Program**: Potomac Edison proposes a PIDD-funded Customer Action Program (CAP), about which it states, “The CAP will research and quantify the energy savings resulting from actions taken by customers not captured by or processed through the utility- and DHCD-administered EmPOWER programs.”

  > In other words, Potomac Edison is proposing to charge ratepayers for energy-efficiency that the Company had absolutely nothing to do with achieving. The Advocates are disturbed by Potomac Edison’s proposal, and believe that it would be an irresponsible use of ratepayer funds and inconsistent with Maryland law that “require[s] each electric company to procure or provide certain energy efficiency and conservation programs and services to its electricity customers.”

  > The Advocates urge the Commission to reject Potomac Edison’s proposed CAP.

**b. Pepco**

- **2018 – 2020 Plan Enhancements**: Pepco proposes a number of enhancements for the 2018-2020 portfolio. The Advocates appreciate Pepco’s attention to program improvements and is generally supportive of the enhancements outlined on pages 14-16 of Pepco’s Plan, including consolidation of residential programs and promotion of smart thermostats and thermostat

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81 *Id.* at 137.
82 SB 184 at 1
optimization as described above; a shift to instant rebates and midstream appliance promotion where appropriate; exploration of connected lighting; coordination of QHEC with appliance recycling to increase savings through these customer engagements; consolidation of core C&I programs (with the same caveats about transparency in planning and reporting as described regarding residential program consolidation); and the changes proposed for the small business program. The Advocates note that they have not analyzed the CHP proposal and neither support nor oppose it at this time.

- **QHEC Eligibility:** Pepco states that “the Company is proposing changing the policy of one QHEC per premise to open up the program to premises that participated in the program prior to 2015.”\(^{83}\) The Advocates are concerned that opening up the QHEC program at this time to previous participants suggests that Pepco has not succeeded in realizing one of the primary potential uses of the QHEC—-to engage customers so that they participate in other EmPOWER programs that capture deeper savings. The rationale provided by Pepco for opening up the QHEC to previous participants, that LEDs are now provided instead of CFLs and many residents have moved since receiving a QHEC, do not seem to justify pursuing a second round of QHECs with the same customer base. At a minimum, before broad deployment is considered, a limited pilot in which data regarding opportunities at the homes visited are tracked and analyzed should be implemented. This data analysis would need to prove Pepco’s hypothesis.

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\(^{83}\) Pepco Plan at 30.
that second QHECs provide sufficient value in order for the Advocates to support this change. In response to a NRDC data request, Pepco states that it “seek[s] Commission approval to address the savings feasibility of revisiting old QHECs.”84 The Advocates would consider supporting a feasibility analysis or limited pilot program to assess the advisability of revisiting old QHECs but recommend against a wholesale approval of providing a QHEC to any customer who had received a QHEC previously.

- **Energy Efficient Communities Program:** In this program, Pepco proposes to “to engage municipal and county government customer customers and develop a multiple-year Strategic Energy Efficiency Agreement (SEEA) over the 2018-2020 program cycle.”85 The advocates support this program and encourage the Commission to approve it. The program’s approach is similar to a Strategic Energy Management (SEM) approach that is used for industrial customers in several jurisdictions, and it is reasonable to think that applying lessons learned from those initiatives, including robust account managed relationships that lead to multi-year planning for efficiency investments, would work equally well in the Municipal/Government sector.

c. **Delmarva**

- **2018 – 2020 Plan Enhancements:** The Advocates are supportive of those program enhancements listed above for Pepco and offer the same caveat on CHP. In addition, the Advocates were not able to analyze the specific budgets

84 Pepco and Delmarva Responses to NRDC Data Request No. 1, Question No. 10.a.
85 Pepco Plan at 49.
and savings proposed for Delmarva’s Schools and Education and Agricultural programs and neither support nor oppose them at this time. However, we appreciate Delmarva’s recognition of the gap in services that were previously available for farms on residential meters and agree that it is appropriate to develop a program to address this gap.

d. SMECO

- **Home Energy Improvement Program:** SMECO proposes to combine its Home Performance with ENERGY STAR and QHEC programs into a single customer-facing Home Energy Improvement Program (HEIP), which will itself be a sub-program (along with HVAC and thermostat optimization) of the consolidated Home Retrofit Program. The Advocates’ comments on Residential Consolidated programs made above apply to SMECO as well, but SMECO’s unique approach to combining Home Performance and QHEC merits additional comments. SMECO proposes a significantly different approach to the HEIP from the program models previously used for Home Performance and QHEC. The new HEIP program utilizes an “Energy Advisor,” described as a “SMECO representative acting as an impartial agent of the program, [who] will assist the customer in understanding their home’s energy savings potential. The goal of this interaction is to educate and to guide SMECO customers through their energy efficiency journey without the pressure associated with a contractor pushing a sale.”\(^{86}\) The Energy Advisor will effectively conduct a QHEC, with a sufficient level of audit detail to be

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\(^{86}\) SMECO Plan at 24.
able to advise customers on potential next steps, including referrals to installation contractors working under SMECO’s direction. It is also noteworthy that “the Energy Advisor may propose cross-program recommendations when appropriate, and all customers will be eligible for incentives through the other SMECO programs.” Given the unique aspects of SMECO’s service territory and its relationships with its customers, the Advocates agree that SMECO’s proposal has the potential to increase the incidence of comprehensive retrofits and energy savings for SMECO’s residential customers, and urges the Commission to approve the proposal.

While a departure from the market-based approaches that have been favored in QHEC and Home Performance, the HEIP program is similar to Vermont Gas’ highly successful HomeBase Retrofit Program, which provides a higher level of utility support to customers than do market-based programs. In that program, the energy advisors do not pressure customers with a sales pitch, but by clearly identifying the customers’ interests and by remaining impartial advocates for energy-efficiency, the advisors support customers through significant retrofits. The Advocates commend SMECO for analyzing the successes and shortcomings of previous programs to devise modified programs that it feels will improve results for its customers.

- **Potential midstream incentives for HVAC, Pumps, Commercial Kitchen equipment**: The Advocates support exploration of expanded midstream incentives.

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87 Id. at 25.
e. BGE

- ACEEE “Utility Energy Efficiency Scorecard”: The Advocates want to recognize BGE for the much-deserved recognition by ACEEE as the fourth-highest ranked utility in ACEEE’s recent Utility Energy Efficiency Scorecard.

- Energy Coach in Home Performance with ENERGY STAR: Both SMECO and BGE have recognized a need for customers to be able to receive independent support in navigating the Home Performance process. In BGE’s case, an Energy Coach is proposed who “will educate the customer on how to read the detailed audit report, advice on the best energy efficiency/comfort return on the dollar invested and advance the customer from the audit to the job in a no-pressure environment.”

  The Advocates support this approach as well as SMECO’s and look forward to continuously improving results for this program.

- Strategic Energy Management: BGE proposes the “[a]ddition of a Strategic Energy Management strategy that concentrates on continuously improving energy performance through avid customer engagement and knowledge sharing” in its non-residential Building Tune-Up Program. SEM has been identified across the industry as having high potential for non-residential savings, especially for large commercial and industrial customers. The Advocates applaud BGE for expanding its program offerings with SEM and

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88 BGE Plan at 23.
89 Id. at 24.
urge the other EmPOWER Utilities to similarly employ this rapidly emerging program approach.

\textit{f: WGL}

- \textbf{Residential Limited Income Program:} The Advocates appreciate that WGL has proposed a limited-income program, but are concerned that the details remain vague and that WGL has not committed to an agreement with DHCD for implementing the LI program in concert with the electric EmPOWER LI programs and BGE’s gas LI program. We are further troubled by WGL’s suggestion that it may not be able to negotiate an agreement with DHCD, in which case it would contract with a third-party vendor to deliver the program. The Commission has previously ordered that LI EmPOWER programs should be implemented through DHCD. Although that order was issued prior to WGL’s programs being approved, there is no reason for an alternate delivery mechanism. The Advocates urge the Commission to direct WGL to negotiate an agreement with DHCD, and to do so in time for their LI program to launch on January 1, 2018, along with the LI EmPOWER programs of the electric utilities. Further, the Advocates urge the Commission to formally acknowledge its expectation that the addition of gas LI programs should increase overall savings for this customer segment, rather than simply shift some portion of program costs from electric ratepayers to gas ratepayers. In the Advocates view, cost-shifting without additional savings benefits would do little other than increase overall program costs by increasing administrative burdens through coordination.
• **Electric Coordination:** While the Advocates appreciate WGL’s intent in coordinating program delivery with the electric EmPOWER programs, the delay in actually developing terms for coordination prior to Plan filing is, in our view, unacceptable. There has been ample time for coordination agreements to be worked out, and further delays are not in the best interest of ratepayers. Therefore, the Advocates respectfully urge the Commission to provide clear direction to WGL and the electric utilities to iron out their agreements so that programs can be launched by January 1, 2018.

### III. Conclusion

The Advocates appreciate the opportunity to comment on the 2018-2020 EmPOWER Plans. EmPOWER has provided significant, cost-effective benefits for Maryland’s utility customers for nearly a decade, and has the potential to continue providing benefits for years to come. Improving equitable access to these benefits for limited-income Marylanders and those living in multifamily housing is a key part of the EmPOWER program and the Advocates urge the Commission to adopt their recommendations to help achieve this important objective.

Respectfully submitted,

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