COMMISSIONERS

DOUGLAS R. M. NAZARIAN
CHAIRMAN

HAROLD D. WILLIAMS
LAWRENCE BRENNER
KELLY SPEAKES-BACKMAN
W. KEVIN HUGHES

STATE OF MARYLAND

PUBLIC SERVICE COMMISSION

MEDIA CONTACT:
Regina L. Davis, rdavis@psc.state.md.us
410-767-8054 / 443-286-6870 (cell)

December 22, 2011

FOR IMMEDIATE RELEASE

Commission Renews and Expands Commitment to EmPOWER Maryland

Utilities Ordered to Move Low-Income Program to DHCD

(Baltimore)—The Maryland Public Service Commission (Commission) has ordered a series of measures that will expand and refocus—and ultimately improve—programs designed to meet the goals of the EmPOWER Maryland Energy Efficiency Act of 2008. Maryland electric utility companies are directed under Order No. 84569 to begin implementing the next three-year phase of approved programs. In addition, the Order directs the utilities to transition low-income energy efficiency programs to the Maryland Department of Housing and Community Development (DHCD).

The Commission's Order directs the electric utility companies, which include Baltimore Gas and Electric Company, Potomac Edison Company, Potomac Electric Power Company, Delmarva Power and Light Company and Southern Maryland Electric Cooperative, Inc., to implement the approved programs immediately, and also addresses broader topics such as increased standardization of programs and incentives, re-assessment of cost effectiveness measurement, and evaluation of new, innovative programs such as financing mechanisms to meet the original goals of the EmPOWER Act.

The EmPOWER Act requires each electric utility company to file an energy savings and demand reduction plan, as well as a cost recovery proposal with the Commission every three years after September 1, 2008. Under the Empower Act, utilities are charged with implementing

-more-

programs to achieve a 10% reduction in per capita electricity consumption and a 15% reduction in per capita peak demand electricity consumption over 2007 levels by the end of 2015. The Commission conducted legislative-style hearings in October 2011 to review the first three-year phase of EmPOWER and the proposed 2012–2014 plans to determine adequacy, cost-effectiveness, and whether they will achieve the EmPOWER Act's underlying goals of energy savings and demand reduction.

An estimated 235,000 Marylanders and businesses have participated in the first wave of EmPOWER programs, which have saved consumers $91 million annually and 702,000 annual MWh as of September 1, 2011. This is roughly equivalent to saving three months of electricity for each residential participant. Although installation and participant levels have increased in recent quarters, "the programs to date have not met the Commission's expectations, and we are deeply concerned that the Companies will not meet their 2015 statutory goals."

In its evaluation of programs for low-income households, the Commission found that most of the electric utility companies were unsuccessful. The Commission noted that "DHCD's programs, on the other hand, greatly surpassed even the best performing utility, all while creating jobs, ensuring that all contractors are properly and consistently trained, implementing and maintaining rigid quality control measures, and keeping marketing costs extremely low." Therefore, the Commission has determined that DHCD should manage the weatherization and retrofitting programs intended for low-income households and has approved DHCD's requested budget of $70.6 million over three years. A work group will also be convened to assist with this phase of the directive, which must file a transition plan with the Commission by February 15, 2012.

This ruling by the Commission "demonstrates our renewed commitment to EmPOWER Maryland," while also recognizing that this next phase of EmPOWER Maryland will require an increased investment in energy efficiency. The utilities and DHCD are directed to begin executing the approved 2012–2014 EmPOWER plans and to make compliance filings to implement their 2012–2014 EmPOWER Plans, including tariff pages and surcharge provisions. A progress report from the work group on the EmPOWER Act's 2015 statutory goals is due to the Commission by March 1, 2012.

The Commission's Order No. 84569 is available online at www.psc.state.md.us.

##