



June 15, 2012

David Collins, Executive Secretary
Public Service Commission of Maryland
William Donald Schaefer Tower
6 St. Paul St., 16th Floor
Baltimore, MD 21202-6806

Re: Case No. 9271
Exelon/BGE Customer Investment Fund

Dear Secretary Collins,

On behalf of Northeast Energy Efficiency Partnerships (NEEP),¹ thank you for the opportunity to offer comments on the proposed Customer Investment Fund for the Baltimore Gas and Electric (BGE) service territory as part of Case No. 9271. This fund seeks to create tangible long-term benefits to customers in the form of energy efficiency programs and energy assistance for low-income customers, with an investment of \$113.5 million over three years.²

NEEP is not submitting its own proposal today and looks forward to learning more about the many worthy ideas that will be put forth. Instead, we would like to offer some recommendations based upon our 16 years of experience with ratepayer energy efficiency programs in order to assist the Public Service Commission with its decision-making process in this proceeding. We look forward to engaging in future discussions with the Commission, the Maryland Energy Administration, the utilities, and other stakeholders regarding this and other matters related to energy efficiency policy in Maryland.

1. Prioritize Investments in Energy Efficiency Programs

We applaud the Public Service Commission for recognizing that investments in energy efficiency programs will provide “a meaningful and lasting impact on BGE’s customer base

¹ These comments are offered by NEEP staff and do not necessarily represent the view of NEEP’s Board of Directors, sponsors or underwriters.

² Maryland Public Service Commission, “Notice of Procedural Schedule to Address Customer Investment Fund,” Case No. 9271, In the Matter of the Merger of Exelon Corporation and Constellation Energy Group, April 12, 2012.



and the community at large.”³ Energy efficiency programs reduce customer energy use, lowering energy bills and putting downward pressure on wholesale energy prices. In her testimony as part of the settlement proceedings, Dr. Susan Tierney of the Analysis Group - a former assistant secretary of the U.S. Department of Energy - noted that efficiency programs positively impact the economy because “lower energy costs flow through the economy as collateral reductions in income (from fewer dollars spent on energy bills), lower payments to out-of-state energy suppliers, and increased local spending or savings.” Recent reports have found that efficiency programs yield as much as \$4 in savings for each dollar invested.⁴ NEEP would add that energy efficiency programs can be particularly beneficial for the many low-income customers within the BGE territory. The Department of Energy (DOE)’s Weatherization Assistance Program (WAP) has realized significant savings for participating low-income households, lowering heating and cooling costs by as much as 30 percent.⁵

We submit that the Commission should put all of the funds towards an expansion of energy efficiency programs, amounting to roughly \$37.8 million to the current amount budgeted for energy efficiency programs in 2012 by BGE. This infusion of funds would bring the total investment in energy efficiency to almost \$115 million dollars next year within the BGE service territory, a significant increase, though still below the relative level of utility efficiency programs in other Northeast states (see chart below).⁶ The higher level of investment will provide significant new benefits for BGE customers and help the state to realize the ambitious goals it created under the EmPOWER Maryland Act of 2008. The Commission can and should evaluate program results each year and shift resources in later years if more effective uses for the funds are discovered.

³Maryland Public Service Commission, Case 9271, In the Matter of the Merger of Exelon Corporation and Constellation Energy Group, Order 84698, February 17, 2012, p. 93

⁴ Susan Tierney, “Supplemental Testimony of Susan F. Tierney, Ph.D. In Support of the Joint Petition for Approval of Settlement,” Case No. 9271, In the Matter of the Merger of Exelon and Constellation, p. 12; Maryland PIRG Foundation, “Falling Behind on Energy Efficiency: Maryland Risks Missing Its Electricity Savings Goals,” March 2011, p. 6.

⁵ Ralph Cavanagh and John Howat, “Finding Common Ground Between Consumer and Environmental Advocates,” *Electricity Policy*, May 2012, p. 12.

⁶Figures compiled from state electric utility energy efficiency budgets and M.J. Bradley and Associates, “Benchmarking Electric Utility Energy Efficiency Portfolios in the U.S.,” November 2011, p. 19. Available online at <http://www.ceres.org/resources/reports/benchmarking-electric-utilities-2011/view>.



Comparison of Utility Electric Energy Efficiency Program Budgets in the Northeast				
Utility	State	Investment (2012 budgets)	Retail Electric Sales (MWh, 2009 sales)	Relative Spending (\$/MWh)
Baltimore Gas and Electric-Current	MD	\$ 77,117,539.00	31,576,197	\$2.44
Baltimore Gas and Electric + Customer Investment Fund	MD	\$ 115,000,000.00	31,576,197	\$3.64
National Grid (Mass. Electric)	MA	\$ 237,876,168.00	20,952,516	\$11.35
Western Mass. Electric Company	MA	\$ 34,825,221.00	3,643,762	\$9.56
National Grid (Narragansett Electric)	RI	\$ 61,400,000.00	7,556,300	\$8.13
Long Island Power Authority (LIPA)	NY	\$ 82,955,000.00	19,271,142	\$4.30
Connecticut Light & Power	CT	\$ 84,191,749.00	22,265,846	\$3.78

2. Leverage Existing Energy Efficiency Programs

BGE currently operates energy efficiency programs under EmPOWER Maryland that achieved savings on behalf of residential and commercial customers in the amount of 237,000 MWh last year.⁷ The additional investment in energy efficiency from the Customer Investment Fund offers an opportunity to boost savings significantly over the next three years, provided that new programs leverage existing efficiency programs, provide equitable treatment of all customer sectors, increase program participation, and promote innovative technologies and marketing strategies. Specifically, we ask that the Commission consider the following when selecting new program ideas:

⁷Maryland Public Service Commission, "The EmPOWER Maryland Energy Efficiency Act Standard Report of 2012," March 2012, <http://webapp.psc.state.md.us/Intranet/Reports/2012%20EmPower%20Maryland%20Report.pdf>



- a. **Integrate Programs within the EmPOWER Maryland Structure:** The Commission rightly seeks to find ways to reach more customers by expanding the pool of those implementing energy efficiency programs. Lessons from other states show that this can be effective, provided that these efforts build upon existing energy efficiency programs and promote collaboration between program administrators. First, Customer Investment Fund programs should continue to use the existing EmPOWER Maryland brand to provide for consistent marketing and outreach and to prevent customer confusion as they seek out simple energy saving options. Second, programs should be designed to complement, rather than compete with, existing EmPOWER Maryland programs. Coordination of new and existing programs will ensure that new programs effectively target underserved customer sectors and avoid duplication of existing program offerings, increasing overall program savings.
- b. **Promote Innovative Programs:** The Customer Investment Fund presents an opportunity to explore programs that may not pass the traditional cost-effectiveness testing required of current EmPOWER Maryland programs. We encourage the Commission to considering innovative approaches to delivery energy savings that utilities, the state, and others can build on to promote future program success. These may include, among others, promoting development and demonstration of new energy saving technologies, advanced building energy codes and building energy rating programs, research into new appliance efficiency standards, residential deep energy retrofits, net zero energy buildings, efficiency programs for schools and public buildings, community based outreach programs, customer behavior programs, general awareness funding, and all-fuels efficiency initiatives that can help customers reduce their heat and cooling loads. In this manner, the Customer Investment Fund could promote transformation of energy markets and test new approaches that will inform future energy efficiency programs.
- c. **Broaden Stakeholder Participation:** We commend the Commission for using the Customer Investment Fund to broaden participation in the state's energy efficiency programs. Bringing in new vendors and new community partners is essential in order to ensure maximum program participation and achieving deeper and broader savings. We believe, however, that BGE customers and the state as a whole would best be served by a permanent space for stakeholders, utilities, and state officials to solicit new program ideas and discuss program performance. NEEP again encourages the Commission to authorize the Maryland Energy Administration to convene an energy efficiency stakeholder advisory board made up of business interests, utility representatives, consumer and environmental advocates, low income interests, energy efficiency experts



and implementers. Many of the Northeast states have found this to be an effective way to bring in new market participants and create consensus regarding energy efficiency program goals and performance.⁸ We realize that this proposal goes beyond the current proceeding, but we believe it would be an appropriate way to guide the expansion of energy efficiency programs contemplated here.

3. Provide for Consistent Evaluation and Attribution Protocols

Any new programs created as part of the Customer Investment Fund, whether administered by utilities, state agencies, or a third party should follow evaluation and reporting protocols utilized for the existing EmPOWER Maryland programs. This will ensure that the Commission can account for the savings achieved by Fund programs, compare results with existing programs, and optimize use of the new investments. Likewise, energy savings achieved as part of the new program should be credited towards the BGE territory's EmPOWER Maryland savings targets and provide for a fair attribution of credit to program implementers.

Thank you for this opportunity to comment, and we look forward to working with the Commission, its Staff, and other stakeholders who have submitted proposals here to ensure that BGE customers receive the full benefit of the Customer Investment Fund.

Sincerely,

Josh Craft
Senior Public Policy Associate
Northeast Energy Efficiency Partnerships (NEEP)

Founded in 1996, NEEP is a regional nonprofit organization that works to accelerate the efficient use of energy in homes, buildings and industry in the Northeast. NEEP brings together a broad range of stakeholders as part of regional partnerships that leverage knowledge, capability, learning and funding to increase the impacts of individual state efforts. NEEP's work focuses on regional strategies to maximize the effectiveness of ratepayer-funded energy efficiency programs; policy solutions for enhancing the reach of energy efficiency efforts in the region; and a unique Partnership among state utility regulators and energy offices to develop and adopt common protocols for the evaluation, measurement and verification of energy efficiency.

⁸ Examples and recommendations are on page 34 of NEEP's report, *From Potential to Action*, <http://neep.org/public-policy/policy-outreach-and-analysis/potential-study>