



Mitigation Working Group

July 19, 2022

Disclaimer

- Any opinions expressed are my own.
- They do not reflect the position of the Public Service Commission nor of any of the Commissioners.

Why Energy Efficiency in MD?

- 2006: North American Electric Reliability Council (NERC) issued warning to Maryland that electricity supply and reliability were at risk if steps to reduce energy usage were not taken
- 2008: EmPOWER Maryland Energy Efficiency Act of 2008 established a statewide goal of 15% reduction in per capita electricity consumption and peak demand by the end of 2015
- 2017: EmPOWER statute updated to establish a new annual energy savings goal of 2% of gross energy sales through 2023
- 2022: goals increased to 2.25% in 2025 and 2026 and to 2.5% in 2027 and beyond
 - Both 2017 and 2022 legislation required the Commission to file a report with recommendations on the future goals and cost-effectiveness for EmPOWER beginning in 2024.

Historic Performance (through 12/31/2021)

- Saved a total of 13,576,132 MWh and 2,849 MW of peak demand.
 - This is equivalent to reducing 9.6 million metric tons of carbon dioxide or the greenhouse emissions from:
 - Over 2 million vehicles driven for one year.
 - Over 1.8 million homes' energy use for one year.
- Spent \$3.7 billion since 2009 including \$2.7 billion on energy efficiency programs and \$1 billion on demand response programs.
- EmPOWER programs generate approximately \$1.61 in benefits for every \$1 spent.
- For the average residential customer using 1,000 kWh per month, the 2022 EmPOWER surcharge ranges between \$6.42 and \$8.62 depending on the utility.
- Expected savings of \$13 billion over the life of the installed energy efficiency measures through the end of 2021.

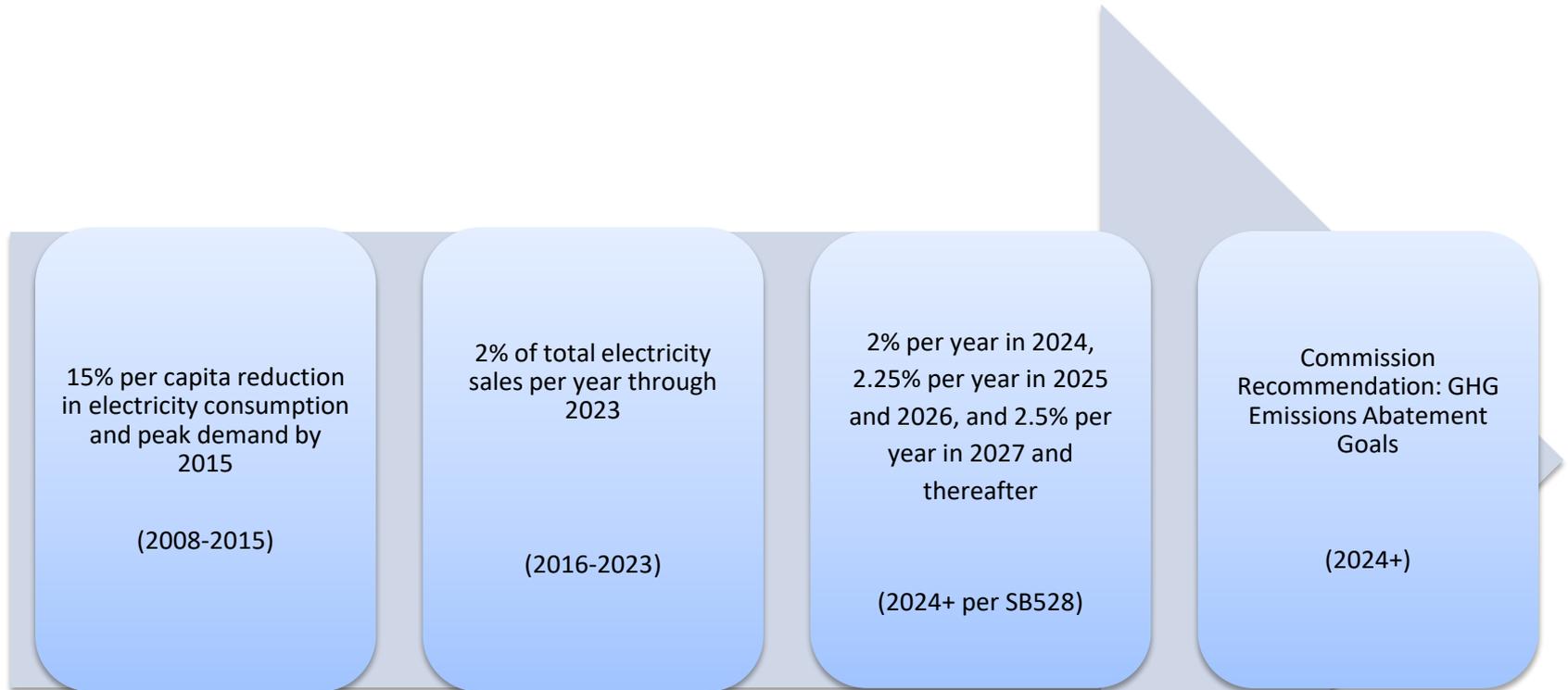
Statutory Requirements of the Commission

- PUA § 2-113(a)(2): Commission must generally consider public safety, the economy, fair and stable labor standards, conservation of natural resources, preservation of the environment including climate change, and the State's climate commitments.
- PUA § 7-211(f): Commission must require gas and electric companies to establish EE programs and adopt corresponding cost recovery.
- PUA § 7-211(i)(1): Commission must consider specifically for EmPOWER programs the cost-effectiveness at the sub-portfolio level, impacts to rates, impacts to jobs, and impacts to the environment.

Recommendations on the Future of EmPOWER Maryland

- Adopt GHG abatement goal beginning with the 2024-2026 program cycle for the Utilities.
- Adopt a limited-income GHG abatement goal beginning with the 2024-2026 program cycle for DHCD.
- Continue the existing EM&V process for EmPOWER with a few modifications.

EmPOWER Goal Evolution



GHG Goals

- Utility Goal
 1. No less than X percent of a utility's total GHG abatement goal shall be achieved through behind-the-meter resources and front-of-meter community resources funded through EmPOWER.
 - a. No less than X percent of a utility's total GHG abatement goal shall be achieved through EmPOWER-funded behind-the-meter energy efficiency programs. These programs will count towards (1) above.
 2. No more than X percent of a utility's total GHG abatement goal shall be achieved through non-energy resources or front-of-meter utility resources programs; inclusions of these programs will be subject to Commission approval.
 3. Contributions of the GHG abatement goal for initiatives other than those in 1, 1a, and 2, such as additional initiatives that are in alignment with Public Conference 44 (PC44), may be included in a utility's program plans. These initiatives shall be composed of behind-the-meter and front-of-meter community resources that are not EmPOWER-funded; inclusion of these programs will be subject to Commission approval.
- DHCD Goal
 - Details to be determined.

Cost-Effectiveness

- Test: Primary Maryland Jurisdiction-Specific Test
 - Based on societal cost test
- All programs used or savings claimed to meet the GHG abatement goals will be subject to EM&V

Upcoming Milestones

- Initial results of EmPOWER GHG Potential Study due November 2022.
- Results of EmPOWER Energy Affordability Study due December 2022.
- Recommendations from Future Programming Work Group due January 2023.
- Commission to hold goal-setting proceeding in 2023.
- Utilities and DHCD file plans for 2024-2026 by September 1, 2023 with Commission Order approving, denying, or modifying the plans by December 31, 2023.

Thank you!

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