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MEA SUMMARY OF INITIAL STAKEHOLDER COMMENTS

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The following is a summary of stakeholder comments that MEA received regarding the June 29, 2012, meeting on EmPOWER Planning for 2020. This document is MEA's interpretation of the comments and is provided only for the stakeholders' convenience. We suggest viewing the original author's comments on our website for a more detailed understanding of their positions.

American Council for an Energy-Efficient Economy (ACEEE)

ACEEE recommends extending electricity EmPOWER targets beyond 2015 and introducing natural gas targets. Specifically, they suggest following 24 other states that currently base targets on annual sales without a per capita adjustment. ACEEE suggests annual reduction targets of 1.5% for electricity sales and 1% for natural gas sales, using the average of the previous two years as the baseline for each new program year target. If natural gas programs are started, they encourage joint electric and gas programs when appropriate to reduce costs or increase savings, with each utility getting credit for their fuel (gas or electricity) savings. ACEEE references studies that show that energy efficiency cost less per kWh than new generation, and high levels of investment can mitigate increasing energy prices in the long run.

Baltimore Gas and Electric (BGE)

BGE reiterates comments it has made before the Public Service Commission that recent adjustments to population and forecasted usage has resulted in the current EmPOWER metrics being skewed, with some utilities facing reduction targets of 10% and 17% while others face reduction targets of 2% and 2% for energy and demand, respectively. BGE recommends the future EmPOWER electric energy metric be shifted to a "bottom up" approach targeting 0.5% annual reductions from 2014 weather normalized sales to avoid the per capita issues. They do not recommend additional electric demand reduction programs, citing market saturation in areas served by utilities and an active third party provider market. BGE recommends that no natural gas targets be set as other program such as CHP and fuel switching may drive increased natural gas use, but they do recommend encouraging incentives for the purchase of energy efficient natural gas appliances. Finally, BGE recommends language in the law on cost recovery be reinforced, and suggests that utilities, rather than state agencies or the free market, are the appropriate entity for managing and delivering the EmPOWER incentive programs with market-based implementation and installation of the actual measures.

Joint Comments by Chesapeake Climate Action Network, Environment Maryland, Interfaith Power and Light, MD League of Conversation Voters

The Joint Commenters (JC) suggest that reduced funding relative to other high performing New England and Mid-Atlantic states contributes to Maryland's lack of success in achieving its electricity usage reduction goals. JC suggests several legislative changes, including extending EmPOWER targets to 2020 for electricity and natural gas, mandating an "all cost-effective" approach as opposed to a top-down consumption approach, creating a public benefits fund to pool resources and reduce administrative overhead, and increasing the share of RGGI proceeds to energy efficiency to at least their original statutory level of 46 percent. They also suggest regulatory changes that reward exceptional utility program performance while penalizing poor performance, broaden the PSCs cost-effectiveness test to include avoided costs such as RGGI and RPS compliance, and make on-bill financing available to ratepayers.

Columbia Gas of Maryland

Columbia Gas of Maryland could support the proposal of a statewide natural gas energy efficiency program provided that certain conditions are considered that would make the offering of such programs beneficial to all ratepayers and the utilities. They are concerned that certain local distribution companies (LDCs) do not have a Revenue Normalization Adjustment[1], and would want to be able to recover costs due to lost sales from efficiency programs. Columbia also notes that smaller LDCs may face different resource and budget challenges than larger utilities and could see value in exemptions or modified programs for smaller LDCs.

Columbia Gas does not support specific energy savings targets for natural gas usage, but does support programs that encourage the wise use of natural gas, including end-use fuel switching. They acknowledge that reporting requirements are necessary but recommend that those requirements be developed with an eye towards minimizing implementation costs, particularly for small LDCs. Finally, Columbia Gas offered several specific comments and recommendations on the GDS Natural Gas Potential Study report, noting that the report did not include recovery of lost revenue from throughput reduction.

Maryland Power Plant Research Program

PPRP agrees that MEA's projection of program performance beyond 2015 may be optimistic, and suggests that market forces may make sustained performance difficult with less "low hanging fruit" available and low conventional energy prices. If EmPOWER goals are extended through 2020, PPRP suggests that they be based on a revised baseline that incorporates achievements of the initial programs and continue to be measured on a per capita basis. They also suggest effectively utilizing technology improvements related to the smart meter deployment. PPRP suggests more focus be placed on energy reduction programs rather than demand reduction programs due to higher market incentives that already exist for demand side programs. Finally, PPRP recommends expanding targets to natural gas program as well, but notes the importance of calculating energy savings net of fuel switching impacts and suggests looking at program design by California, Connecticut, and Massachusetts.

[1] Revenue Normalization Adjustment is similar to electricity decoupling and allows a distribution utility to recover their authorized costs regardless of sales volume.

Northeast Energy Efficiency Partnerships (NEEP)

NEEP recommends extending electricity EmPOWER targets beyond 2015 and introducing natural gas targets. They also recommend recalibrating both current and future EmPOWER targets away from a per capita measurement and towards an “all cost effective” approach utilized by Massachusetts, Rhode Island, and Vermont. NEEP also suggests a minimum annual performance level to be refined by further analysis, but around 1.5% for electricity and 0.75% for natural gas. They suggest modifying the cost effective test to include other energy benefits such as environmental and RPS costs, to be applied to the program level rather than measure level, and to consider the Utility Cost Test as a supplement to the Societal Cost Test or Total Resource Cost Test. NEEP supports a structured performance incentive to reward achievement, and suggests increasing overall program spending to achieve higher results. Finally, NEEP recommends coordinating programs with building energy codes and appliance standards and supports common EM&V protocols.

The P3 Group

The P3 Group raises concerns about curtailment service providers failing to deliver committed demand response resources and asks whether the Maryland PSC should require a measurement and verification system independent of PJM. They also point out discussions at EPA that suggest that some forms of demand response are behind the meter diesel generators which tend to generate high emissions on the hottest days of the year. The P3 Group asks whether EmPOWER participants should be required to disclose the type of technology that is being used to deliver the demand response. Finally, they ask whether electricity received from behind the meter generation be required to comply with the state’s RPS.

Sierra Club

Sierra Club recommends extending electricity EmPOWER targets beyond 2015 and introducing natural gas targets. They also recommend implementing an incentive and penalty program based on performance. Sierra Club suggests a blend between an “all cost effective” approach and long term targets to prevent program development stagnation over the long term.

Terra Logos

Terra Logos comments that the historic subsidization of conventional power production using public funds and the externalization of environmental degradation and health impacts serve to artificially lower the cost of conventional energy and make it more challenging for clean power and fuels to compete. Terra Logos recommends that Maryland include the hidden costs of conventional power production and the non-financial benefits of clean energy production when developing plans for EmPOWER 2020.