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PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET N.W., SUITE 800
WASHINGTON, D.C. 20005

ORDER

August 11, 2022

FORMAL CASE NO. 1160, IN THE MATTER OF THE DEVELOPMENT OF METRICS FOR ELECTRIC COMPANY AND GAS COMPANY ENERGY EFFICIENCY AND DEMAND RESPONSE PROGRAMS PURSUANT TO SECTION 201 (B) OF THE CLEAN ENERGY DC OMNIBUS AMENDMENT ACT OF 2018, Order No. 21417

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia ("Commission") grants in part the Potomac Electric Power Company's ("Pepco" or "Company") Application to Approve Three-Year Energy Efficiency and Demand Response Program, filed on August 2, 2021,[1] and as corrected on August 17, 2021.[2] Specifically, the Commission approves a modified set of programs, including the following as set forth in Pepco's Application: (1) Efficient Products Program; (2) Quick Home Energy Check-Up Program; (3) Residential Behavior Based Program; (4) LMI Home Energy Program; (5) Commercial Behavior Based Program; (6) Midstream Program; (7) Existing Buildings Program; and (8) Low- and Moderate-Income Community Pilots. The Commission also approves the Small Business Program but modifies the approved program costs as detailed herein. Pepco shall implement the approved modified energy efficiency and demand response ("EEDR") program beginning on January 1, 2023, and continuing for the three-year period thereafter, and may recover its approved program costs through Rider EEDR. Further, the Commission grants the Department of Energy and Environment's ("DOEE") Motion to File Its Initial Comments Out of Time[3] and accepts DOEE's Comments for the record.

II. BACKGROUND

2. "In supervising and regulating utility or energy companies, the Commission shall consider the public safety, the economy of the District [of Columbia ('District')], the conservation of natural resources, and the preservation of environmental quality, *including effects on global*

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[1] *Formal Case No. 1160, In the Matter of the Development of Metrics for Electric Company and Gas Company Energy Efficiency and Demand Response Programs Pursuant to Section 201 (b) of the Clean Energy DC Omnibus Amendment Act of 2018* ("*Formal Case No. 1160*"), Potomac Electric Power Company's Application to Approve Three-Year Energy Efficiency and Demand Response Program ("Application"), filed August 2, 2021.

[2] *Formal Case No. 1160*, Potomac Electric Power Company's Corrected Application to Approve Three-Year Energy Efficiency and Demand Response Program ("Corrected Application"), filed August 17, 2021.

[3] *Formal Case No. 1160*, Department of Energy and Environment's Motion to File Its Initial Comments on the Potomac Electric Power Company's Energy Efficiency and Demand Response Program Application Out of Time ("DOEE's Motion"), filed November 24, 2021. DOEE's comments are Attachment A to DOEE's Motion ("DOEE's Comments").

climate change and the District's public climate commitments."[4] The Sustainable DC 2.0 Plan sets forth the District's goal to "[i]mprove the efficiency of District-wide energy use to reduce overall consumption," including by 2032 cutting per capita energy use by 50%.[5] EEDR programs are important to reducing the amount of energy used by homes and businesses.

3. Section 201 (b) of the Clean Energy DC Omnibus Amendment Act of 2018 ("CEDC Act"), codified at D.C. Code § 8-1774.07 (g), allows Pepco, after consultation and coordination with DOEE and the District of Columbia Sustainable Energy Utility ("DCSEU") and its advisory board ("SEUAB"), to apply to the Commission to offer EEDR programs in the District that Pepco can demonstrate are not substantially similar to programs offered or in development by DCSEU, unless DCSEU supports such programs.[6] An application must "meet the long-term and annual energy savings metrics, which shall primarily benefit low- and moderate-income residential ratepayers to the extent possible, quantitative performance indicators, and cost-effective standards established by the Commission."[7]

4. Additionally, under the CEDC Act, the Commission may approve applications for EEDR programs, including cost recovery mechanisms, subject to certain findings. D.C. Code § 8-1774.07 (g)(6) states, in relevant part:

> [T]he Commission is authorized to approve an application . . . of energy efficiency and demand reduction program . . . , including a multi-year program and cost recovery mechanisms . . . ; provided, that the Commission finds the proposed program and cost recovery mechanisms . . . to be in the public interest and consistent with the District's public climate change commitments . . . , unlikely to harm or diminish existing energy efficiency or demand response markets in which District businesses are operating, and consistent with the long-term and annual energy savings metrics, quantitative performance indicators, and cost-effective standards established by the Commission . . . .[8]

5. On October 3, 2019, the Commission established the EEDR Metrics Working Group ("EEDR Working Group") to develop long-term and annual energy savings metrics, quantitative performance indicators ("QPIs"), and cost-effective standards and to consider recommendations regarding measures the Commission can take to ensure that any EEDR programs offered do not impede District business or nonprofits currently operating in the District that provide EEDR programs and performance incentive mechanisms ("PIMs") that are based on

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4 D.C. Code § 34-808.02 (2019) (emphasis added).

5 Sustainable DC 2.0 Plan at 74, available at https://sustainable.dc.gov/sites/default/files/dc/sites/sustainable/page_content/attachments/sdc%202.0%20Edits%20V5_web_0.pdf.

6 D.C. Code § 8-1774.07 (g)(4) (2019).

7 D.C. Code § 8-1774.07 (g)(5) (2019).

8 D.C. Code § 8-1774.07 (g)(6) (2019).

QPIs.[9] The EEDR Working Group filed its report on January 30, 2020.[10] The January Report made recommendations on several issues, including long-term energy savings metrics, annual energy savings metrics, QPIs, cost-effectiveness standards, measures the Commission can take to ensure that programs do not impede District business or nonprofits currently operating in the District that provide EEDR programs, EEDR PIMs, and additional utility application matters for EEDR programs.[11]

6. By Order No. 20654, the Commission made the following determinations relevant to Pepco's Application: (1) established a three-year cycle for the initial ramp-up programs and the mid-term programs;[12] (2) required a target of 1% target reduction per year of gross wholesale electricity savings in Year 3 over a three-year cycle;[13] (3) directed the development of a Request for Proposal ("RFP") and process to award a contract for an EEDR Potential Study;[14] (4) adopted the Societal Cost Test ("SCT") for benefit-cost analysis at the portfolio level (i.e., the entire set of programs together), requiring a ratio greater than 1.0;[15] and (5) defined "primarily benefit" low- and moderate-income ("LMI") customers to mean "a minimum floor of 30% total program budget."[16] The Commission also determined that a surcharge should be used to recover the EEDR program costs.[17] The surcharge should "be based on energy usage which is indicated as a line item on customers' bills and exempts [Pepco's Residential Aid Discount ('RAD')] . . . customers from paying the surcharge, with a 7-year amortization period, . . . using a regulatory asset calculating the weighted average cost of capital with an annual true-up mechanism."[18]

7. Following the issuance of Order No. 20654, the Commission reconvened the EEDR Working Group for additional discussions, and the EEDR Working Group filed another report on April 27, 2021.[19] The April Report made recommendations on several issues, including EEDR

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9 *Formal Case No. 1160*, Public Notice, rel. October 3, 2019.

10 *Formal Case No. 1160*, EEDR Metrics Working Group Report ("January Report"), filed January 30, 2020.

11 *See* January Report at 5-20.

12 *Formal Case No. 1160*, Order No. 20654, ¶ 75, rel. October 30, 2020.

13 Order No. 20654, ¶ 76. By Order No. 20683, the Commission clarified that this "establishes an incremental ramping rate of 0.33% each year, which establishes an annual savings of 0.33% in Year 1, 0.66% in Year 2, and 1% in Year 3." *Formal Case No. 1160*, Order No. 20683, ¶ 10, rel. January 14, 2021.

14 Order No. 20654, ¶ 81.

15 Order No. 20654, ¶ 86.

16 Order No. 20654, ¶ 90.

17 Order No. 20654, ¶ 78.

18 Order No. 20654, ¶ 78.

19 *Formal Case No. 1160*, Energy Efficiency and Demand Response Metrics Working Group Report ("April Report"), filed April 27, 2021.

PIMs, minimum filing requirements, program evaluation, utility-DCSEU pre-filing coordination, cost allocation and recovery, and income verification.[20]

8. By Order No. 21030, the Commission made the following determinations relevant to Pepco's Application: (1) denied the EEDR Working Group's recommendation to create an evaluation, measurement, and verification ("EM&V") working group;[21] (2) adopted the pre-filing coordination process to facilitate communication with stakeholders, DOEE, DCSEU, and SEUAB before an application filing;[22] (3) approved a volumetric surcharge applied uniformly to all customers, excluding Pepco's RAD customers;[23] and (4) established LMI income verification procedures.[24]

9. On August 2, 2021, Pepco filed its Application.[25] Pepco filed a correction to the Application's budget on August 17, 2021.[26]

10. In October 2021, Pepco issued its EEDR Potential Study RFP. By Order No. 21154, the Commission selected Applied Energy Group, Inc. to perform the EEDR Potential Study for Pepco.[27] The Commission anticipates that Pepco will begin its EEDR Potential Study in late 2022.

11. By Order No. 20654,[28] as modified by Order No. 21009,[29] the Commission directed interested persons to submit comments on Pepco's Application by November 23, 2021. The Commission also directed Pepco to file reply comments by December 23, 2021.

12. The Commission received several sets of comments on Pepco's Application. On September 24, 2021, Armada Power, LLC ("Armada Power") filed comments.[30] On November 23, 2021, the National Housing Trust ("NHT") and the Natural Resources Defense Council

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20 *See* April Report at 3-17.

21 *Formal Case No. 1160*, Order No. 21030, ¶ 28, rel. October 7, 2021. However, on reconsideration, the Commission established a Technical Issues Group as a subgroup of the EEDR Working Group to discuss technical details of EEDR program implementation and measurement. *Formal Case No. 1160*, Order No. 21076, ¶¶ 9, 11, rel. December 8, 2021.

22 Order No. 21030, ¶ 29.

23 Order No. 21030, ¶ 33.

24 Order No. 21030, ¶¶ 34-38.

25 *See* Application.

26 *See* Corrected Application.

27 *Formal Case No. 1160*, Order No. 21154, ¶ 7, rel. May 17, 2022.

28 Order No. 20654, ¶ 99.

29 *Formal Case No. 1160*, Order No. 21009, ¶¶ 9-10, rel. September 8, 2021.

30 *Formal Case No. 1160*, Armada Power, LLC's Comments on Pepco's Proposed Energy Efficiency and Demand Response Programs ("Armada Power's Comments"), filed September 24, 2021.

("NRDC"), the Apartment and Office Building Association of Metropolitan Washington ("AOBA"), DCSEU, and the Office of the People's Counsel for the District of Columbia ("OPC") filed comments.[31]

13. On November 24, 2021, DOEE filed a motion to file its comments out of time and attached its comments to the motion.[32] Pepco filed reply comments on December 22, 2021.[33] DOEE states that, due to internal coordination issues, it was unable to file its comments on Pepco's Application by November 23, 2021, and therefore seeks to extend its filing deadline by one day, to November 24, 2021.[34] DOEE asserts that "as the District Government agency responsible for formulating and implementing many of the District's energy policies and programs, DOEE's comments on Pepco's EEDR program application will provide the Commission with a unique and important perspective on the merits of Pepco's proposal."[35] Moreover, there are no objections to DOEE's late filing.[36]

14. The Commission has previously accepted comments into the record when they were filed shortly after the deadline and did not cause harm to other parties.[37] Generally, the Commission will grant a request of this nature if good cause is shown.[38] In this instance, DOEE has presented good cause for the late filing due to its internal coordination issues. Additionally, no opposition was filed, and there would be no prejudice to any commenters or other stakeholders in granting the motion. We are persuaded that DOEE's late filing will provide the Commission

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31 *Formal Case No. 1160*, The National Housing Trust and the Natural Resources Defense Council's Comments on the Potomac Electric Power Company's Application to Approve Three-Year Energy Efficiency and Demand Response Program ("NHT/NRDC's Comments"), filed November 23, 2021; *Formal Case No. 1160*, Comments of the Apartment and Office Building Association of Metropolitan Washington ("AOBA's Comments"), filed November 23, 2021; *Formal Case No. 1160*, Comments of District of Columbia Sustainable Energy Utility on Potomac Electric Power Company's Application for Approval of a Three-Year Energy Efficiency and Demand Response Program on April 27, 2021 ("DCSEU's Comments"), filed November 23, 2021; *Formal Case No. 1160*, Office of the People's Counsel for the District of Columbia's Comments on Pepco's Three-Year Energy Efficiency and Demand Response Program Application ("OPC's Comments"), filed November 23, 2021.

32 *See* DOEE's Motion; DOEE's Comments.

33 *Formal Case No. 1160*, Pepco's Reply Comments, filed December 22, 2021.

34 DOEE's Motion at 2.

35 DOEE's Motion at 2.

36 DOEE's Motion at 1.

37 *See, e.g., RM29-2020-02, In the Matter of 15 DCMR Chapter 29-Renewable Energy Portfolio Standard*, Order No. 20740, ¶¶ 5, nn. 7 & 9, 7, n. 15, rel. May 13, 2021 (accepting late-filed comments).

38 *See, e.g., Formal Case No. 712, In the Matter of the Investigation Into the Public Service Commission's Rules of Practice and Procedure*, Order No. 15353, ¶ 2, rel. August 10, 2009; *Formal Case No. 1041, In the Matter of the Investigation Into Washington Gas Light's Compliance With Its Tariffs*, Order No. 14571, ¶ 3, n. 4, rel. September 12, 2007; *Formal Case No. 962, In the Matter of the Implementation of the District of Columbia Telecommunications Competition Act of 1996 and Implementation of the Telecommunications Act of 1996*, Order No. 12428, ¶ 13, rel. July 2, 2002.

with valuable input to assist in our deliberations. Therefore, the Commission grants DOEE's Motion and accepts DOEE's Comments for the record.

III. DISCUSSION

A. Pepco's Application to Approve Three-Year Energy Efficiency and Demand Response Program

15. Pepco's Application seeks approval of its proposed EEDR program beginning on January 1, 2022, and continuing for the three-year period 2022-2024.[39] By Year 3, the program is forecasted to achieve 248,817 MWh, or 1.07%, in energy savings based on 2019 retail rates, with an estimated SCT ratio of 2.81.[40] Pepco's proposed EEDR program portfolio consists of 18 programs, including 11 residential programs, an LMI pilot program, and six (6) commercial programs.[41] The total portfolio budget is $117,616,593.[42] According to Pepco, the program allocates approximately 30.2% of costs to programs that benefit LMI customers.[43]

16. The programs are briefly summarized as follows:[44]

a. **Efficient Products Program:** This program is designed to increase the market share of ENERGY STAR® certified appliances and other efficient residential products sold through retail channels. It includes the ENERGY STAR® Retail Products Platform ("RPP") and rebates via the Pepco online Marketplace. The RPP is a midstream model and includes clothes washers and dryers, refrigerators, freezers, and room air conditioners. The program also includes an EE Kits component with LED bulbs, smart strips, and faucet aerators or showerheads. On the Pepco online Marketplace, customers can take advantage of instant rebates on smart thermostats, LED lighting, advanced power strips, and more.

b. **Appliance Recycling Program:** This program allows residential customers to recycle their old, inefficient refrigerators, freezers, room air conditioners, and dehumidifiers via pick-up appointments and other scheduled events.

c. **Quick Home Energy Check-Up Program:** The focus of this program is to educate customers about how to manage their energy use, identify energy efficiency opportunities in their homes, and provide them with information on related programs. A certified technician will conduct a check-up and offer to

39 Application at 3.

40 Application at 10.

41 Application at 11-16.

42 Application at 10.

43 Application at 8.

44 Application at 19-83.

install low-cost, direct install energy savings measures (e.g., LEDs, faucet aerators, efficient-flow showerheads).

d. **Home Performance with ENERGY STAR® ("HPwES"):** This program is governed by the United States Department of Energy's national HPwES program requirements and guided by the Building Performance Institute's standards. The goal of Pepco's HPwES program is to improve residential comfort and energy efficiency by addressing the whole home as a system. Customers participate in the program in two (2) steps: (1) a Home Performance Audit to test for energy efficiency improvements and (2) a Home Performance Job, which entails working with a contractor to deepen energy savings.

e. **Residential New Construction and Major Renovation Program:** This program includes incentives for pre-wiring a new house for electric vehicle charging and installing high-efficiency electric equipment in homes. Pepco's focus is on single-family homes and small multi-family buildings with four (4) units or less.

f. **Energy Engineers Program:** Pepco technicians will assist residential and small business customers that have identified issues with their energy consumption and reached out to the Company for assistance. The technicians will identify, diagnose, and remedy the issues.

g. **My Energy Target Program:** This program uses advanced metering infrastructure ("AMI") and building modeling and energy consumption tools to analyze customers' specific energy usages. Customers will receive customized energy targets and be eligible for an up to $150 incentive for target achievement.

h. **Residential Behavior Based Program:** This program uses AMI data and advanced modeling techniques to provide customers with usage comparisons, personalized tips, and program recommendations based on custom home energy reports. The program will offer mailed and emailed reports and online tools.

i. **Schools and Education Program:** This program is designed to increase energy literacy among students, teachers, and their families. It will provide fifth-grade and high school science teachers with teaching materials to include in the curriculum. The program also includes take-home EE kits for students and a $25 credit for the Pepco online Marketplace for the families of students who complete the course.

j. **LMI Home Energy Program:** This program includes three (3) components: (1) LMI Efficient Products; (2) LMI Assisted HPwES; and (3) LMI Home Energy Assessment. The LMI Efficient Products component will inform LMI customers of rebates for ENERGY STAR® certified appliances and other efficient residential products sold through retail channels. The LMI Assisted HPwES component will serve LMI single-family homes and small multi-family buildings with four (4) units or less. LMI customers participate in the program in two (2) steps: (1) a Home Performance Audit to test for energy efficiency improvements and (2) a Home Performance Job, which entails working with a contractor to deepen energy savings. The LMI Home Energy Assessment component consists of an in-depth energy audit with direct install measures, including LED bulbs, showerheads and faucet aerators, smart strips, domestic hot water pipe insulation and temperature turndown, and smart thermostats. Homes can also receive Quick Home Energy Check-Up visits and HVAC tune-ups.

k. **Small Business Program:** This program offers a Quick Home Energy Check-Up with direct install measures and retrofit opportunities to small businesses whose energy demand does not exceed 100 kW. These small businesses can also receive financial incentives, technical assistance, and energy efficiency information.

l. **Commercial Behavior Based Program:** This program targets non-residential customers to provide education on energy usage and improving efficiency. The program is for a commercial Customer Engagement Portal, which is linked to customers' current My Accounts and designed to drive behavioral savings and customer engagement with Pepco business accounts. It also consists of an evaluation of how insights from AMI data can increase customer satisfaction and participation in standard Demand Side Management programs.

m. **Midstream Program:** This program provides instant rebates for the purchase of qualifying measures from manufacturers and distributors. These qualifying measures include HVAC equipment, kitchen appliances, smart strips, and LED fixtures. The program works across multiple sales and distribution channels that serve business customers, including Maintenance, Repair, and Operations distributors; local electric distributors; and online retailers. Customers can install energy efficient equipment without hiring an outside contractor.

n. **Existing Buildings Program:** This program includes three (3) components: (1) Prescriptive; (2) Custom; and (3) Retrocommissioning. The Prescriptive component will offer businesses incentives for energy efficiency, including retrofit lighting, network lighting controls and daylight controls, new construction performance lighting, unitary HVAC, HVAC VFDs, interior and exterior sign lighting, refrigeration equipment, and plug load controls and ENERGY STAR® certified appliances. The Custom component will offer additional incentives for energy efficiency, including building automation systems, compressed air systems, induction lighting, industrial process equipment, and whole-building analyses. The aim of the Retrocommissioning component is to help customers identify and implement low-cost measures to improve energy efficiency, including building tune-ups, adjustments, calibration, and other methods.

o. **Commercial New Construction Program:** This program will offer comprehensive design support and technical assistance to incorporate energy efficiency systems into the design, construction, and operation of business customers' new construction projects. It applies to all new commercial construction in the District.

p. **Residential Demand Response Program (Bring Your Own Device ("BYOD")):** The aim of this program is to reduce HVAC demand for residential customers during peak periods. The program offers incentives to customers via rebates and bill credits for a broad range of BYOD smart thermostats.

q. **Small Commercial Demand Response Program:** This program allows commercial accounts to contribute to load reductions during peak periods for compensation. It uses the same devices and control systems as in the Residential Demand Response Program. The program will target small commercial customers whose total peak demand is less than 100 kW.

r. **Low- and Moderate-Income Community Pilots:** Pepco will partner with energy startups to improve the efficiency of hard-to-reach low-income communities. This program will use analytical software and tools to perform site identification, install energy efficiency measures, and conduct post product evaluation. Pepco will offer 20% of the total cost of the energy efficiency measures as an incentive, and the energy startups will secure the remaining financing. Pepco will recruit building owners to participate in the program via community organizing and outreach. Pepco is also developing a pilot project to complement NHT's Rental Emergency Lifeline/Eviction Fund, which provides energy and rental assistance to limited-income customers with a high energy burden. Pepco is working with NHT to identify suitable buildings and units for the pilot. Pepco will target LMI customers who rely on propane, fuel oil, or kerosene for heat to transition them to an efficient electric heat pump.

17. The residential programs include the Efficient Products Program, Appliance Recycling Program, Quick Home Energy Check-Up Program, HPwES, Residential New Construction and Major Renovation Program, Energy Engineers Program, My Energy Target Program, Residential Behavior Based Program, Schools and Education Program, LMI Home Energy Program, and Residential Demand Response Program.[45] The residential program portfolio is forecasted to achieve 96,750 MWh and 19.45 MW in energy savings over the program cycle, with an estimated SCT ratio of 2.37.[46] The residential program portfolio budget is $48,922,850, of which 48% ($23,333,251) is expected to provide benefits to LMI customers.[47]

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[45] Application at 11-14, 16.

[46] Application at 11-12.

[47] Application at 12.

18. Specifically, the LMI Home Energy Program is forecasted to achieve 6,877 MWh and 1.06 MW in energy savings over the program cycle, with an estimated SCT ratio of 1.34.[48] The LMI Home Energy Program budget is $13,653,289.[49] The LMI pilot program includes the Low- and Moderate-Income Community Pilots.[50] The LMI pilot program budget is $5,945,160.[51]

19. The commercial programs include the Small Business Program, Commercial Behavior Based Program, Midstream Program, Existing Buildings Program, Commercial New Construction Program, and Small Commercial Demand Response Program.[52] The commercial program portfolio is forecasted to achieve 152,066 MWh and 35.63 MW in energy savings over the program cycle, with an estimated SCT ratio of 3.18.[53] The commercial program portfolio budget is $62,748,584, of which 10% ($6,274,858) is expected to provide benefits to LMI customers.[54] Of the total program budget, $35,553,269 (approximately 30%) is expected to provide benefits to LMI customers.[55]

20. Pepco included the following detailed tables on budget and energy savings in its Application:[56]

[48] Application at 13-14.

[49] Application at 13.

[50] Application at 16.

[51] Application at 11.

[52] Application at 14-16.

[53] Application at 15.

[54] Application at 15.

[55] Application at 119.

[56] Corrected Application at 4; Application at 113.

Total Cycle Portfolio Cost Breakdown	Incentives	Marketing	Outside Services	Utility Admin	EM&V	Total Spend
Program Name	**Cycle Total**	**Cycle Total**	**Cycle Total**	**Cycle Total**	**Cycle Total**	**Cycle Total**
Efficient Products	$6,529,561	$969,042	$800,432	$248,971	$341,920	$8,889,927
Appliance Recycling	$237,035	$570,770	$296,838	$33,139	$45,511	$1,183,293
QHEC	$8,279,858	$653,816	$482,373	$282,481	$387,941	$10,086,470
HPwES	$4,018,894	$482,558	$466,531	$149,039	$204,681	$5,321,703
Residential Major Renovations	$136,799	$237,252	$201,735	$17,274	$23,722	$616,781
Behavior Base Program	$0	$469,577	$1,078,200	$46,433	$63,768	$1,657,979
Schools and Education	$60,414	$385,098	$495,000	$28,215	$38,749	$1,007,476
My Energy Target	$1,808,906	$144,825	$997,703	$88,543	$121,599	$3,161,576
Energy Engineers	$0	$329,577	**$19,787**	**$330,000**	$27,175	$706,539
LMI Home Retrofit	$8,589,135	$1,516,654	$2,640,000	$382,374	$525,126	$13,653,289
Residential Demand Response Program	$246,000	$413,328	$1,803,161	$73,875	$101,455	$2,637,818
Residential Total	**$29,906,601**	**$6,172,495**	**$9,281,760**	**$1,680,345**	**$1,881,648**	**$48,922,850**
Small Business Program	$12,936,201	$661,585	$3,567,425	$514,956	$707,207	$18,387,374
Existing Buildings	$21,319,056	$2,266,377	$8,062,753	$949,446	$1,303,905	$33,901,537
Midstream	$2,788,467	$276,855	$988,272	$121,608	$167,008	$4,342,209
Commercial Behavioral	$0	$0	$479,858	$14,396	$19,770	$514,024
C&I New Construction	$946,010	$452,862	$1,236,244	$79,053	$108,567	$2,822,737
Small Commercial Demand Response Program	$468,000	$372,811	$1,755,066	$77,876	$106,950	$2,780,703
C&I Total	**$38,457,734**	**$4,030,490**	**$16,089,618**	**$1,757,335**	**$2,413,407**	**$62,748,584**
LMI Pilot Total	**$4,200,000**	**$800,000**	**$550,000**	**$166,500**	**$228,660**	**$5,945,160**
Total Portfolio	**$72,564,335**	**$11,002,985**	**$25,921,378**	**$3,604,180**	**$4,523,715**	**$117,616,593**

1. Portfolio Gross Wholesale Savings Summary	**Gross Wholesale MWh Savings**				**Gross Wholesale MW Savings**			
Program Name	**PY1**	**PY2**	**PY3**	**Cycle Total**	**PY1**	**PY2**	**PY3**	**Cycle Total**
Efficient Products	9,399	10,498	12,312	32,208	0.31	0.33	0.34	0.99
Appliance Recycling	380	532	646	1,559	0.06	0.09	0.11	0.25
QHEC	3,024	3,024	3,596	9,643	0.26	0.26	0.30	0.82
HPwES	273	801	1,601	2,676	0.09	0.28	0.56	0.92
Residential Major Renovations	65	100	145	310	0.02	0.03	0.05	0.11
Behavior Base Program	9,900	13,700	16,300	39,900	1.97	2.73	3.24	7.94
Schools and Education	218	218	259	695	0.09	0.09	0.11	0.30
My Energy Target	264	773	1,546	2,583	0.13	0.37	0.74	1.23
Energy Engineers	14	42	83	139	0.02	0.06	0.11	0.19
LMI Home Retrofit	1,959	2,129	2,789	6,877	0.26	0.33	0.48	1.06
Residential Demand Response Program	26	51	84	161	0.92	1.79	2.93	5.63
Residential Total	**25,521**	**31,867**	**39,361**	**96,750**	**4.14**	**6.34**	**8.97**	**19.45**
Small Business Program	6,614	9,777	16,391	32,782	1.16	1.71	2.87	5.75
Existing Buildings	18,388	27,750	39,046	85,185	3.42	5.18	7.31	15.91
Midstream	2,295	6,732	13,464	22,491	0.36	1.07	2.13	3.57
Commercial Behavioral	-	3,950	2,709	6,659	-	0.46	0.78	1.25
Commercial New Construction	380	1,658	2,619	4,656	0.06	0.25	0.40	0.71
Small Commercial Demand Response Program	33	90	171	294	0.94	2.60	4.91	8.44
Commercial Total	**27,709**	**49,957**	**74,400**	**152,066**	**5.93**	**11.28**	**18.41**	**35.63**
LMI Pilot Total	-	-	-	-	-	-	-	-
Total Portfolio	**53,231**	**81,824**	**113,761**	**248,817**	**10.07**	**17.62**	**27.39**	**55.08**

21. Pepco also measured the cost-effectiveness and included the SCT ratio of each individual program (except Low- and Moderate-Income Community Pilots): Efficient Products Program (4.50), Appliance Recycling Program (0.66), Quick Home Energy Check-Up Program (1.53), HPwES (1.39), Residential New Construction and Major Renovation Program (1.79), Energy Engineers Program (0.39), My Energy Target Program (1.32), Residential Behavior Based Program (13.38), Schools and Education Program (1.64), LMI Home Energy Program (1.34), Small Business Program (2.77), Commercial Behavior Based Program (3.54), Midstream Program (7.01), Existing Buildings Program (3.18), Commercial New Construction Program (2.17), Residential Demand Response Program (0.43), and Small Commercial Demand Response Program (0.66).[57]

22. Pepco proposes a tiered approach for conducting income verification of LMI program participants. This is the same approach that was discussed with the EEDR Working Group and with DOEE and DCSEU.[58] The approach is as follows:[59]

a. **Tier 1 (tracking purposes only):** Use optional self-identification, statistical modeling, or assessment based on census tract information to identify LMI customer participation in programs open to all customers regardless of income classification, also known as "market-rate programs" or programs that provide limited incremental benefit over market-rate programs. Tier 1 programs include EE kits, Behavior Programs, Residential New Construction and Major Renovation, Schools and Education, Residential and Commercial Demand Response, and Small Business.

b. **Tier 2:** Use required self-identification with ex-post evaluation assessment of accuracy using statistical modeling. Tier 2 programs include LMI Efficient Products Rebates and Appliance Rebates through the Pepco online Marketplace.

c. **Tier 3:** Require full income verification consistent with existing DOEE income verification requirements and processes or verified participation in an approved income-verified service in the last 12 months. Tier 3 programs include LMI Assisted HPwES and Low Income Home Weatherization Pilot.

23. Pepco proposes to recover program costs associated with its proposed EEDR program through Rider EEDR, a volumetric surcharge applied uniformly to all customers, excluding Pepco's RAD customers.[60] Consistent with the Commission's directives in Order No. 20654,[61] Pepco will use a seven-year amortization period and implement an annual true-up process

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57 Application at 118.

58 Application at 84.

59 Application at 84-85.

60 Application at 87.

61 Order No. 20654, ¶ 78.

that will be effective subject to Commission approval.[62] Assuming a January 1, 2022, effective date, the total program cost is $117,616,593, comprised of $30,526,564 for 2022, $37,542,661 for 2023, and $49,547,369 for 2024.[63] If granted in full, the proposed surcharge's bill impacts will be as follows: $0.00033/kWh, effective for service on and after January 1, 2022; $0.00102/kWh, effective for service on and after January 1, 2023; and $0.00192/kWh, effective for service on and after January 1, 2024.[64] Pepco also proposes that, assuming a January 1, 2022, effective date, the first true-up occurs with Pepco filing beginning on October 1, 2022, and annually by October 1 thereafter.[65]

24. In its Application, Pepco describes its efforts to consult and coordinate with DOEE, DCSEU, and SEUAB and to demonstrate that its proposed EEDR programs are not substantially similar to programs offered or in development by DCSEU, unless DCSEU supports such programs.[66] During summer 2019, Pepco had seven (7) meetings with stakeholders, including DOEE, DCSEU, SEUAB, and Washington Gas Light Company ("WGL"), to identify gaps in existing DCSEU program offerings and analyze possible goal structures and other key items for discussion during the EEDR Working Group process.[67] Following commencement of the EEDR Working Group process in November 2019, Pepco had additional meetings with DOEE, DCSEU, and other stakeholders.[68] These meetings led to a series of meetings beginning in March 2021 during which Pepco and DCSEU agreed on how to coordinate and divide certain markets that would otherwise pose a likelihood of overlap with existing and planned DCSEU programs.[69] Further, Pepco had meetings with other stakeholders, including OPC, NHT, Sierra Club, Washington Interfaith Network, and others.[70]

25. On May 11, 2021, Pepco and DCSEU reached an agreement on a set of residential EEDR programs for Pepco to offer in the District.[71] First, Pepco agreed to offer incentives for efficient appliances using a midstream approach and through the Pepco online Marketplace in a way that does not interfere with the existing mail-in rebates offered by DCSEU.[72] Second, Pepco agreed to target LMI Home Energy Assessment, LMI Assisted HPwES, and Residential New Construction and Major Renovation to only single-family homes, town homes, and multi-family

[62] Application at 87.

[63] Application at 87.

[64] Application at 87-88.

[65] Application at 90.

[66] Application at 95-98.

[67] Application at 96.

[68] Application at 96.

[69] Application at 96.

[70] Application at 96.

[71] Application at 96.

[72] Application at 96.

buildings with four (4) units or less so as not to compete with existing DCSEU offerings and DOEE limited-income programs.[73] Pepco will serve multi-family and single-family buildings that do not qualify for DCSEU or DOEE limited-income programs but meet Pepco's program requirements and fall within Pepco's identified market share per agreement with DCSEU.[74]

26. On June 30, 2021, Pepco and DCSEU reached an agreement to split the commercial market based on whether a building is subject to the 2019 Building Energy Performance Standards ("BEPS") compliance cycle.[75] Under that agreement, DCSEU will serve buildings larger than 50,000 square feet, specified Department of General Services buildings, specified federal government buildings, and college and hospital campuses.[76] Pepco will serve buildings less than 50,000 square feet and not subject to the 2019 BEPS compliance cycle.[77] This commercial market agreement between Pepco and DCSEU is contained in Appendix A of Pepco's Application.

27. On July 21, 2021, Pepco formally presented its proposed EEDR program to SEUAB, requesting support for the areas of the program that were substantially similar to programs offered or in development by DCSEU.[78] On July 28, 2021, SEUAB filed a letter with the Commission acknowledging that Pepco consulted and coordinated with SEUAB.[79]

B. Comments on Pepco's Application

28. **OPC.** OPC first argues that Pepco's savings are significantly lower and program costs are significantly higher than other regional utilities.[80] OPC's consultant, GDS Associates, Inc. ("GDS"), conducted a benchmarking analysis and found that when compared to other regional utilities, Pepco's savings as a percentage of sales are the lowest, savings per kWh are the lowest, program costs per kWh are the highest, cost per first-year kWh is nearly triple the average, total

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73 Application at 96-97.

74 Application at 97.

75 Application at 97. The 2019 BEPS applied to all privately-owned buildings with at least 50,000 square feet of gross floor area and all District-owned or District instrumentality-owned buildings with at least 10,000 square feet of gross floor area and required buildings that do not meet the standards to improve their energy efficiency. D.C. Code § 8-1772.21 (2019).

76 Application at 97, 104. The Commission notes that Pepco's Application narrative states that DCSEU will serve buildings "*equal to and larger than* 50,000 square feet," but the commercial market agreement between Pepco and DCSEU states that DCSEU will serve buildings "*larger than* 50,000 square feet." (Emphasis added).

77 Application at 97, 104.

78 Application at 97.

79 Application at 97-98; *Formal Case No. 1160*, Sustainable Energy Utility Advisory Board's Comments on Pepco's Proposed Energy Efficiency and Demand Response Programs ("SEUAB's Letter"), filed July 28, 2021. The Commission notes that Pepco's Application narrative states that SEUAB filed the letter on July 29, 2010, but the letter in the record is dated July 28, 2021. SEUAB's Letter at 1-2.

80 OPC's Comments at 7.

cycle cost is more than double the average, and cost per kWh saved is 135% higher than the other regional utilities and more than five (5) times as expensive as DCSEU for 2020.[81]

29. OPC then contends that Pepco has not sufficiently documented some key assumptions supporting its Application.[82] According to OPC, Pepco failed to conduct an EEDR Potential Study to determine if sufficient energy and demand savings potential exists; conduct a residential appliance saturation study and non-residential equipment saturation study to understand potential interest in its rebate programs; show where it obtained the measure savings and useful lives for each EEDR measure to evaluate the input reasonableness; and substantiate the program-level LMI budget allocations in most cases, hindering evaluation of LMI spending assertions.[83]

30. Next, OPC recommends that the Commission approve only five (5) programs, subject to Pepco providing the above missing information: (1) Behavior Base; (2) Existing Buildings; (3) Midstream; (4) Commercial Behavior; and (5) LMI Pilot.[84] OPC asserts that these programs "most strongly demonstrates [sic] benefits, competitive costs, and on balance effectively serve LMI customers."[85] OPC further recommends that the Commission reject or hold in abeyance Pepco's other programs until the initially approved programs undergo an independent evaluation.[86]

31. OPC also recommends several measures to address both Pepco and DCSEU offering EEDR programs in the District.[87] First, to foster a competitive market for third-party providers, before approving programs that could affect existing businesses, the Commission should require Pepco to describe how it will design the programs to avoid crowding out the competitive market.[88] Second, for any programs that overlap with DCSEU's offerings, the Commission should require Pepco to (1) file a plan to avoid customer confusion; (2) show how it will minimize the cost of administrative services to ratepayers; and (3) minimize administrative burdens on DCSEU and DOEE by establishing effective coordination structures and providing information in a timely and user-friendly manner.[89] Specifically, OPC found the following programs to be potentially redundant with DCSEU programs: (1) Residential Efficient Products; (2) HPwES; (3) Commercial Efficient Rebates; (4) Schools and Education; and (5) Prescriptive Rebate.[90] For the Residential Efficient Products Program, OPC notes that Pepco uses a midstream

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81 OPC's Comments at 8.

82 OPC's Comments at 10.

83 OPC's Comments at 10.

84 OPC's Comments at 11.

85 OPC's Comments at 10.

86 OPC's Comments at 11-12.

87 OPC's Comments at 12-16.

88 OPC's Comments at 12.

89 OPC's Comments at 15-16.

90 OPC's Comments at 13-14.

approach while DCSEU uses a downstream approach.[91] OPC recommends determining which approach is more cost-effective and consolidating the programs.[92] OPC also makes a similar recommendation to consolidate for the Commercial Efficient Rebates Program.[93] Finally, OPC avers that DOEE should enhance its portal website and phone number for all energy efficiency and renewable energy programs in the District.[94]

32. Additionally, OPC contends that Rider EEDR, including application of the Capital Cost Recovery Factor ("CCRF") to the program costs, is not just and reasonable.[95] OPC claims that the CEDC Act allows a return on investment on only "capital and related costs."[96] According to OPC, Pepco's request to earn a return on its program costs does not follow this principle or "well-established principles of ratemaking," and most of the program costs are operating expenses, which should not be subject to a return.[97] OPC further asserts that Pepco bears little risk in its EEDR programs because its Bill Stabilization Adjustment ("BSA") provides revenue stability despite energy usage reductions, and as opposed to a single power plant, EEDR programs are a geographically diverse resource.[98]

33. As a final matter, OPC offers comments on individual programs. For the Schools and Education Program, OPC recommends that the Commission require Pepco to serve non-English proficient families more equitably by translating school materials into the range of languages that the District Department of Education provides.[99] OPC also urges Pepco to develop competitive demand response programs and a competitive Energy Engineers Program.[100]

34. **AOBA.** AOBA states that Pepco's Application is not in the public interest for several reasons. First, AOBA argues that the cost of Pepco's proposed EEDR program is excessive.[101] According to AOBA, the cost includes an authorized premium over and above the actual program cost, which ratepayers should not have to pay because Pepco's proposed EEDR program is not mandatory, and the competitive market can provide comparable programs at a lower

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91 OPC's Comments at 13-14.

92 OPC's Comments at 14.

93 OPC's Comments at 32.

94 OPC's Comments at 16.

95 OPC's Comments at 18.

96 OPC's Comments at 18.

97 OPC's Comments at 18-19.

98 OPC's Comments at 19-20.

99 OPC's Comments at 20.

100 OPC's Comments at 21.

101 AOBA's Comments at 4.

cost.[102] AOBA then contends that the administrative costs are too high and unnecessary.[103] In support, AOBA cites Pepco's explanation that 48% ($23,333,251) of the residential program portfolio budget ($48,922,850) will benefit LMI customers, leading to AOBA's assumption that 42% of the budget ($25,589,599) will be used to implement the program.[104] AOBA also believes that ratepayers should not be forced to pay another surcharge in addition to several already in effect in the District.[105] Next, AOBA argues that Pepco's proposed EEDR program will have a disproportionate impact on commercial building owners.[106] AOBA points to DOEE's implementation of BEPS and the associated impacts to building owners, including costs of required measures and penalties for violations.[107] AOBA asserts that building owners "should not be responsible for yet another surcharge to fund a *voluntary* energy conservation program."[108] Further, AOBA claims that Pepco's proposed EEDR program does not meet the requirement to be "unlikely to harm or diminish existing energy efficiency or demand response markets in which District businesses are operating" because Pepco may compete with AOBA members that provide energy services.[109]

35. Finally, AOBA expresses concern over the voluntary nature and costs of Pepco's proposed EEDR program given that DCSEU was chartered and funded to provide the programs and services that Pepco is offering.[110]

36. **DOEE.** DOEE initially states its belief that "Pepco's offerings are well-aligned with the District's energy and climate targets."[111] However, DOEE makes two (2) recommendations to improve the offerings' impact and effectiveness.[112] First, Pepco should offer on-bill financing ("OBF") or on-bill payment ("OBP") to finance upfront costs of energy efficiency improvements.[113] According to DOEE, the utility can act as the lender (OBF) or through a third-party lender to be repaid through the utility bill (OBP).[114] DOEE also asserts that Pepco

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102 AOBA's Comments at 4-5.

103 AOBA's Comments at 9.

104 AOBA's Comments at 9. The Commission notes that $25,589,599 is approximately 52% (not 42%) of the residential program portfolio budget.

105 AOBA's Comments at 5-7.

106 AOBA's Comments at 10.

107 AOBA's Comments at 10-12.

108 AOBA's Comments at 11.

109 AOBA's Comments at 5.

110 AOBA's Comments at 12-13.

111 DOEE's Comments at 3.

112 DOEE's Comments at 3.

113 DOEE's Comments at 3.

114 DOEE's Comments at 4.

could establish an OBF program or OBP program in collaboration with the DC Green Bank.[115] Second, Pepco, in consultation and coordination with DCSEU and SEUAB, should minimize the risk of market confusion and service duplication.[116] DOEE accordingly recommends that the Commission approve the commercial market agreement between Pepco and DCSEU contained in Appendix A of Pepco's Application.[117] DOEE also supports DCSEU's Comments concerning market confusion and service duplication.[118] Further, DOEE urges the Commission to reconsider its rejection of the EEDR Working Group's consensus recommendation to establish a technical evaluation working group, as it will be critical to maintaining coordination success.[119]

37. Lastly, DOEE states that Pepco's programs should outline how they can evolve to align with the benefit-cost analysis being considered in *GD-2019-04-M*, *In the Matter of the Implementation of the 2019 Clean Energy DC Omnibus Act Compliance Requirements* ("*GD-2019-04-M*"), and Pepco's Distribution System Planning for Non-Wires Alternative Process.[120] DOEE also comments that in terms of coordination, DOEE's e-recycling program should inform Pepco's Appliance Recycling Program, and Pepco should address in a technical evaluation working group how it will treat appliance upgrades that are required by building codes.[121]

38. **DCSEU.** DCSEU first discusses the challenges in and importance of aligning Pepco and DCSEU's offerings and describes program-specific concerns about duplication and harm to existing markets.[122] DCSEU organizes its concerns about overlap into three (3) groups: (1) programs with little to no concern; (2) programs that need some additional coordination and clarification; and (3) programs with the greatest need for additional effort to avoid duplication.[123] For the first group, DCSEU identified the following programs as causing little to no concern: (1) Appliance Recycling; (2) Quick Home Energy Check-Up; (3) HPwES; (4) Energy Engineers; (5) My Energy Target; (6) Residential Behavior Based; (7) Schools and Education; (8) Residential Demand Response; and (9) Small Commercial Demand Response.[124] As a general matter, for the first group, DCSEU has no comment or concern on the programs, except DCSEU points to the need for incentive alignment for HPwES and Small Commercial Demand Response.[125] For the second group, DCSEU identified the following programs as needing some additional coordination

115 DOEE's Comments at 4.

116 DOEE's Comments at 4.

117 DOEE's Comments at 6.

118 DOEE's Comments at 6.

119 DOEE's Comments at 6-7.

120 DOEE's Comments at 7.

121 DOEE's Comments at 7.

122 DCSEU's Comments at 3-13.

123 DCSEU's Comments at 7-13.

124 DCSEU's Comments at 7-8.

125 DCSEU's Comments at 7-8.

and clarification: (1) Residential New Construction and Major Renovation; (2) Low- and Moderate-Income Community Pilots; (3) Commercial New Construction; and (4) Commercial Behavior Based.[126] For the third group, DCSEU identified the following programs as having the greatest need for additional coordination and clarification: (1) Efficient Products; (2) Small Business; (3) Commercial Midstream; (4) Existing Commercial Buildings; and (5) LMI Home Energy.[127] For the second and third groups, DCSEU generally seeks clarification and points to the need for incentive alignment and ongoing coordination regarding the programs.[128] More specifically, DCSEU comments on the following programs and issues:[129]

a. **Residential New Construction and Major Renovation:** DCSEU wishes to clarify that per the commercial market agreement with Pepco, DCSEU will address major renovations of residential multi-family buildings greater than 50,000 square feet. DCSEU also states that it will be critical to determine a method for avoiding double-counting savings, and such methodology should be addressed through an EM&V working group or the Technical Issues Group.

b. **Low- and Moderate-Income Community Pilots:** DCSEU comments that for single-family households, there is potential duplication with DCSEU's midstream residential HVAC program.

c. **Commercial New Construction:** DCSEU seeks to clarify that the "design baseline" that the program will help customers exceed will be the District's building codes.

d. **Commercial Behavior Based:** DCSEU states that the potential exists to double count measure-based incentives offered by DCSEU.

e. **Efficient Products:** DCSEU points to the need for ongoing coordination regarding alignment of lighting incentives and marketing, inclusion of heating-related equipment, and division of the market for EE kits.

f. **Small Business:** DCSEU asserts that this program requires meaningful ongoing coordination and alignment to ensure that small businesses have equitable access to program offerings and incentives, regardless of the size of the building in which they are located. Rebate levels should also align to avoid market confusion and distortion.

g. **Commercial Midstream:** DCSEU states that it sees incentive alignment as a requirement and suggests addressing it in an EM&V working group. DCSEU

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[126] DCSEU's Comments at 8-9.

[127] DCSEU's Comments at 9-13.

[128] DCSEU's Comments at 8-13.

[129] DCSEU's Comments at 8-13.

notes a need for DCSEU and Pepco to work together toward implementing their commercial market agreement for this program.

h. **Existing Commercial Buildings:** DCSEU points to several challenges requiring structured additional coordination and alignment, including incentive alignment; how each entity will target and communicate with customers or contractors; and engaging with contractors, distributors, and retailers that serve commercial buildings.

i. **LMI Home Energy:** DCSEU states that there is a large market opportunity for measures like AC replacement, high-efficiency room ACs, and ductless mini splits, but additional detailed coordination is needed. DCSEU also asserts that Pepco's LMI Home Energy Assessment component should not include multi-family buildings greater than 50,000 square feet per the commercial market agreement between Pepco and DCSEU.

39. DCSEU then makes three (3) main recommendations to address these concerns about duplication and harm to existing markets.[130] First, codify in any order approving Pepco's Application certain program divisions between Pepco and DCSEU:[131]

	Pepco	**DCSEU**
Residential New Construction and Major Renovation	Energy performance beyond approved building codes for new construction and major renovation of all residential buildings < 4 units	Compliance with all approved building codes; Major renovations of buildings >50,000 ft^2
Commercial New Construction	Energy performance beyond approved building codes in all brand new construction, and in major renovations of buildings <50,000 ft^2	Compliance with all approved building codes; Major renovations of buildings >50,000 ft^2
Demand Response (Smart thermostats/devices)	Demand savings for all enrolled devices; (all kWh savings from devices purchased/installed with Pepco programs)	(All kWh/term savings from device purchased/installed with DCSEU programs)
Energy Efficient Products	Midstream channel, including retail store engagement for appliances; lighting and smart thermostats only through Pepco's online marketplace; water heating only to extent coordinated with DCSEU (see below)	Midstream channel, including retail store engagement, for lighting and smart thermostats; (water heating under Residential HVAC)
Residential HVAC	Only serves multi-family buildings <50,000 ft^2	Midstream and retail channels for all HVAC equipment, including water

130 DCSEU's Comments at 13.

131 DCSEU's Comments at 13-14.

		heating, in single-family and multi-family >50,000 ft^2
LMI Home Energy Program	LMI Energy Efficient Products measures to mirror market rate efficient products (see above); LMI Home Energy Assessment Program to target housing units in MF buildings <50,000 ft^2	
Commercial Behavioral	Targeting buildings <50,000 ft^2	
Small Business	Small businesses located in buildings <50,000 ft^2	Small businesses located in buildings >50,000 ft^2
Commercial Midstream	Buildings <50,000 ft^2, offering the same prescriptive incentives as the DCSEU	Buildings >50,000 ft^2, offering the same prescriptive incentives as Pepco
Existing Non-Residential Buildings	Buildings <50,000 ft^2 (and not in BEPS 2019 or otherwise having DCSEU projects) with incentives aligned with DCSEU to the maximum extent practical	Buildings >50,000 ft^2 (and others with ongoing projects) with incentives aligned with Pepco to the maximum extent practical

Second, direct the use of the Technical Issues Group or equivalent to address issues, such as measurement of savings and incentive alignment, especially in programs for existing commercial buildings and areas where midstream and retail channels operate together.[132] Lastly, require Pepco and DCSEU to report back to the Commission with a plan for non-duplication of lighting and HVAC-related equipment through midstream and retail channels, and additional details of incentive alignment.[133]

40. **NHT/NRDC.** NHT/NRDC are concerned that Pepco's Application does not ensure that the proposed EEDR programs will "primarily benefit" LMI customers.[134] NHT/NRDC claim that "to meet the 30% LMI spending threshold, Pepco classifies a substantial portion of its regular program spending as LMI-related spending, on the assumption that LMI customers will participate in those programs at high rates."[135] NHT/NRDC argue that "without additional targeted outreach measures and program design enhancements to overcome" economic and structural barriers, it is unreasonable to assume that LMI customers will participate in non-LMI programs at Pepco's projected rates, thus falling short of the 30% legislative threshold.[136] Accordingly, NHT/NRDC request that the Commission ask Pepco to file a revised application that ensures that

132 DCSEU's Comments at 14-15.

133 DCSEU's Comments at 16.

134 NHT/NRDC's Comments at 2.

135 NHT/NRDC's Comments at 2.

136 NHT/NRDC's Comments at 2-3.

the proposed EEDR programs will "primarily benefit" LMI customers.[137] NHT/NRDC state that Pepco should provide with the revised application a detailed explanation of how Pepco plans to meet the 30% LMI spending threshold, including any estimates regarding LMI customer participation in non-LMI programs.[138]

41. Further, NHT/NRDC offer several program design recommendations, which: (1) focus on offering deep savings through comprehensive, whole-home EEDR solutions, especially for LMI customers; (2) minimize reliance on rebates and behavior-based measures, and increase emphasis on no-cost direct install measures in LMI focused programs; (3) increase the LMI rebate amounts; (4) develop additional outreach and program design measures to ensure robust participation by affordable multi-family building owners and tenants; (5) reserve a portion of EEDR funds for technical assistance to multi-family building owners; (6) coordinate with DCSEU to establish a one-stop shop for EEDR programs; (7) require program implementers to prioritize healthy building materials when installing insulation, air sealing, and other building envelope measures; (8) dedicate funding to addressing health and safety issues, and track barriers to program uptake caused by substandard building conditions; (9) work towards a geographically targeted, community-based program delivery model; and (10) consider the climate impacts of EEDR program design choices.[139]

42. **Armada Power.** Armada Power agrees with Pepco's inclusion in its proposed EEDR program of a BYOD residential demand response program.[140] However, Armada Power makes several recommendations specific to multi-family properties for such program, including providing incentives for participation to property owners and tenants, educating tenants on residential demand response programs, offering a wide range of technologies, and implementing automatic enrollment based on premise address.[141]

C. Pepco's Reply Comments

43. In its Reply Comments, Pepco responds to each commenter. With respect to OPC's Comments, Pepco finds OPC's recommendation to conditionally approve only five (5) programs to be flawed for several reasons.[142] First, it does not account for the fact that the Commission has required Pepco to meet the SCT ratio of 1.0 at the portfolio level and a 1% annual savings goal by the third year of the proposed EEDR program.[143] Thus, a broader set of programs is necessary to satisfy these requirements.[144] Second, it cites the fact that Pepco has not conducted an EEDR

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137 NHT/NRDC's Comments at 9-10.

138 NHT/NRDC's Comments at 10.

139 NHT/NRDC's Comments at 11-18.

140 Armada Power's Comments at 1.

141 Armada Power's Comments at 1-3.

142 Pepco's Reply Comments at 13.

143 Pepco's Reply Comments at 13.

144 Pepco's Reply Comments at 13.

Potential Study even though the process prescribed in Order No. 20654 made it so Pepco could not conduct the EEDR Potential Study before filing its Application.[145] Third, it relies on the assertion that Pepco's Application lacks "data and analysis"; however, Pepco provided detail in its Application and supporting documents similar to information provided for Pepco's approved programs in the EmPOWER Maryland proceeding.[146] Pepco also states that the measure data is built up based on the Mid-Atlantic Technical Reference Manual ("TRM") using assumptions from Maryland program data where needed to complete savings algorithms.[147] Moreover, Pepco claims that in response to OPC data requests, Pepco provided confidential data supporting its expected measure-level assumptions, including measure load shapes; measure lives; incremental measure costs; incentive unit costs; and annual measure level kWh, kW, therms, and water savings, where applicable.[148] Pepco further disagrees with OPC's opposition to its Residential Demand Response, Small Commercial Demand Response, and Energy Engineers programs for not being competitive.[149] For the demand response programs, Pepco replies that it initially proposed modest programs due to this being the first EEDR program and the dynamic nature of the wholesale demand response market but that it expects the EEDR Potential Study to outline future opportunities for deeper savings.[150] Pepco also notes the success of its Energy Engineers program in Maryland and Delaware.[151]

44. Pepco then argues that OPC's benchmarking analysis and conclusions are misleading.[152] According to Pepco, costs for initial programs typically include higher startup costs, which decrease over time.[153] OPC's benchmarking analysis also fails to consider the commercial market agreement between Pepco and DCSEU, as the other regional utilities include offerings (e.g., upstream residential lighting) that Pepco cannot include due to the agreement.[154] Further, it does not consider that the other regional utilities have a different program mix than Pepco's proposed EEDR program.[155] Additionally, OPC does not account for the fact that LMI programs typically have a higher cost per kWh than other programs.[156]

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145 Pepco's Reply Comments at 13-14.

146 Pepco's Reply Comments at 14.

147 Pepco's Reply Comments at 14, n. 45.

148 Pepco's Reply Comments at 14, n. 46.

149 Pepco's Reply Comments at 14-15.

150 Pepco's Reply Comments at 14.

151 Pepco's Reply Comments at 15.

152 Pepco's Reply Comments at 15.

153 Pepco's Reply Comments at 15.

154 Pepco's Reply Comments at 15-16.

155 Pepco's Reply Comments at 16.

156 Pepco's Reply Comments at 16.

45. Next, Pepco challenges OPC's assertion that Rider EEDR is not just and reasonable.[157] Pepco states that OPC fails to recognize that all reasonable and prudently incurred costs are subject to recovery.[158] Rider EEDR is also consistent with the Commission's directives in Order No. 20654, which provide that Pepco's surcharge should incorporate a cost recovery mechanism with a seven-year amortization period using a regulatory asset calculated using the weighted average cost of capital.[159] Pepco contends that such an amortization period reduces customer bill impacts and better aligns EEDR program benefits with Pepco's recovery of program costs.[160] Additionally, Pepco disagrees with OPC that including EEDR program costs is against "well-established principles of ratemaking," as they are long-term utility investments, which are subject to a return.[161] Lastly, Pepco asserts that OPC's arguments regarding Pepco's BSA and the geographically diverse nature of EEDR programs as compared to a single power plant are misguided because the BSA does not provide for a return on investment as authorized by the Commission, and it is unclear why a comparison between a single power plant and EEDR programs has any bearing on Pepco's potential return.[162]

46. Lastly, Pepco asserts that OPC's comments regarding redundancy between certain of Pepco and DCSEU's programs should be rejected.[163] Pepco initially notes that DCSEU had "little to no concern" with the HPwES and Schools and Education programs, so they are permissible under the statutory guidance.[164] DOEE also did not object to the HPwES program.[165] For the remaining programs, Pepco maintains that they are not redundant.[166] According to Pepco, the Residential Efficient Products Program uses a midstream approach while DCSEU's program uses a downstream approach to incentivize products through varying and complementary channels.[167] Further, the Commercial Efficient Rebates Program allows commercial buildings that are not eligible to receive rebates from DCSEU under the commercial market agreement between Pepco and DCSEU to receive rebates from Pepco.[168]

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157 Pepco's Reply Comments at 18-21.

158 Pepco's Reply Comments at 19.

159 Pepco's Reply Comments at 19.

160 Pepco's Reply Comments at 19.

161 Pepco's Reply Comments at 20.

162 Pepco's Reply Comments at 20-21.

163 Pepco's Reply Comments at 29.

164 Pepco's Reply Comments at 29.

165 Pepco's Reply Comments at 29-30.

166 Pepco's Reply Comments at 30.

167 Pepco's Reply Comments at 30-31.

168 Pepco's Reply Comments at 31.

47. With respect to AOBA's Comments, Pepco challenges AOBA's claim that the Commission should not approve a voluntary EEDR program proposal.[169] According to Pepco, the focus should be on whether Pepco's Application meets the established energy savings metrics and cost-effectiveness standards, not whether Pepco's Application was required or permissive.[170] Pepco also disagrees with AOBA's assertion that Pepco's proposed EEDR program does not meet the requirement to be "unlikely to harm or diminish existing energy efficiency or demand response markets in which District businesses are operating" because Pepco is providing competing programs.[171] Pepco notes that Order No. 20654 addressed this requirement by accepting the American Council for an Energy-Efficient Economy's ("ACEEE") recommendations on how to divide responsibilities for workforce development, customer acquisition, retail product program offerings, and LMI customers.[172] Further, the January Report did not characterize this requirement as AOBA now claims.[173]

48. Pepco then contends that AOBA's arguments about the administrative costs and total portfolio costs of the program fail for several reasons.[174] First, LMI programs must make up at least 30% of the total program budget.[175] Second, Pepco's program portfolio must operate within the parameters of the commercial market agreement with DCSEU.[176] Lastly, AOBA did not explain why the administrative costs are "unnecessary."[177] Pepco's administrative costs, which represent 34% of the total program budget, are also consistent with approved programs operating in other Pepco Holdings, Inc. ("PHI") utilities and, therefore, with what is expected in utility-administered EEDR programs.[178]

49. With respect to DOEE's Comments, Pepco acknowledges DOEE's statements about the importance of ongoing coordination to minimize customer confusion.[179] Pepco states that it supports a formal structure for ongoing coordination, including use of the Technical Issues Group, which the Commission established in Order No. 21076.[180] Regarding DOEE's

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169 Pepco's Reply Comments at 9.

170 Pepco's Reply Comments at 10.

171 Pepco's Reply Comments at 10.

172 Pepco's Reply Comments at 10-11.

173 Pepco's Reply Comments at 11.

174 Pepco's Reply Comments at 12-13.

175 Pepco's Reply Comments at 12.

176 Pepco's Reply Comments at 12.

177 Pepco's Reply Comments at 12.

178 Pepco's Reply Comments at 12-13.

179 Pepco's Reply Comments at 23.

180 Pepco's Reply Comments at 23-24.

recommendation that Pepco offer OBF or OBP, Pepco is currently only offering OBF as part of its Small Business Program but is willing to discuss the topic further with the EEDR Working Group or Technical Issues Group.[181]

50. With respect to DCSEU's Comments, Pepco overall acknowledges DCSEU's program-specific concerns about overlap and agrees on the need for incentive alignment and ongoing coordination through an EM&V working group or the Technical Issues Group.[182] Pepco also states that it will comply with the general framework achieved between Pepco and DCSEU regarding the commercial market.[183] With respect to the Existing Commercial Buildings Program specifically, Pepco contends that the following methodology will reduce concern regarding market confusion or overlap: Pepco and DCSEU will (1) comply with their agreement regarding the commercial market; (2) align the prescriptive incentives; and (3) engage in extensive coordination, particularly for customer outreach and contractor education about which entity will count applicable rebates towards energy efficiency improvements.[184]

51. Pepco also agrees with DCSEU that the Commission should adopt or otherwise memorialize the program divisions between Pepco and DCSEU in the table contained in DCSEU's Comments and as reproduced above.[185] However, Pepco recommends two edits: (1) in the fourth category "Energy Efficient Products," under Pepco, the phrase "and EE kits" should be inserted after "online marketplace"; and (2) for clarity, in the category "Residential HVAC," under Pepco, the wording should be changed to "In the serving of multi-family buildings, those that are <50,000 ft."[186]

52. With respect to NHT/NRDC's Comments, Pepco disagrees with NHT/NRDC's concern that Pepco's Application does not ensure that the proposed EEDR programs will "primarily benefit" LMI customers.[187] Pepco avers that in Order No. 21030, the Commission largely accepted Pepco's tiered approach to LMI income verification and that Pepco is confident it can meet the required spending targets using this approach.[188] Pepco also addresses NHT/NRDC's recommendation to minimize reliance on behavior programs and focus on direct rebates, noting that research shows that low-income customers realize the same level of savings from behavior programs as other customer classes and that they are more satisfied with the

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181 Pepco's Reply Comments at 7, n. 19.

182 Pepco's Reply Comments at 23-28.

183 Pepco's Reply Comments at 26.

184 Pepco's Reply Comments at 26-27.

185 Pepco's Reply Comments at 28.

186 Pepco's Reply Comments at 28-29.

187 Pepco's Reply Comments at 16-18.

188 Pepco's Reply Comments at 17.

programs and trusting of the information they are receiving.[189] Finally, Pepco states that it is interested in more discussions with NHT/NRDC regarding tracking barriers to program uptake caused by substandard building conditions and working towards a geographically targeted, community-based program delivery model.[190]

IV. DECISION

53. Under the CEDC Act and Commission guidance regarding EEDR programs, Pepco may apply to the Commission to offer EEDR programs, and the Commission may approve a proposed program and cost recovery mechanisms subject to certain findings.[191] First, Pepco must consult and coordinate with DOEE, DCSEU, and SEUAB before applying and demonstrate that its proposed EEDR programs are not substantially similar to programs offered or in development by DCSEU, unless DCSEU supports such programs.[192] Second, the application must meet the energy savings metrics and cost-effectiveness standards established by the Commission.[193] By Order No. 20654, the Commission set an energy savings target of 1% target reduction per year of gross wholesale electricity savings in Year 3 over a three-year cycle.[194] For cost-effectiveness, the Commission required Pepco to demonstrate an SCT benefit-cost ratio greater than 1.0 at the portfolio level (i.e., the entire set of programs together).[195] The proposed program must also "primarily benefit" LMI customers, defined to mean "a minimum floor of 30% total program budget."[196] Lastly, to approve the proposed program, the Commission must find the program to be in the public interest and consistent with the District's public climate change commitments, unlikely to harm or diminish existing energy efficiency or demand response markets in which District businesses are operating, and consistent with the established energy savings metrics and cost-effectiveness standards.[197]

A. Pepco's Application to Approve Three-Year Energy Efficiency and Demand Response Program

54. The Commission approves a modified set of residential and commercial programs, including the following as set forth in Pepco's Application: (1) Efficient Products Program; (2) Quick Home Energy Check-Up Program; (3) Residential Behavior Based Program; (4) LMI Home Energy Program; (5) Commercial Behavior Based Program; (6) Midstream Program; (7) Existing

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189 Pepco's Reply Comments at 17-18.

190 Pepco's Reply Comments at 18.

191 D.C. Code § 8-1774.07 (g)(4)-(6) (2019).

192 D.C. Code § 8-1774.07 (g)(4) (2019).

193 D.C. Code § 8-1774.07 (g)(5) (2019).

194 Order No. 20654, ¶ 76.

195 Order No. 20654, ¶ 86.

196 Order No. 20654, ¶ 90.

197 D.C. Code § 8-1774.07 (g)(6) (2019).

Buildings Program; and (8) Low- and Moderate-Income Community Pilots. The Commission also approves the Small Business Program but modifies the approved program costs as detailed herein. Pepco shall implement the approved modified EEDR program beginning on January 1, 2023, and continuing for the three-year period thereafter, and may recover its approved program costs through Rider EEDR.[198]

55. The Commission notes that the remaining programs in Pepco's Application are being proposed in *Formal Case No. 1167*, *In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals*, and will be addressed therein. These programs include the (1) Appliance Recycling Program; (2) HPwES; (3) Residential New Construction and Major Renovation Program; (4) Energy Engineers Program; (5) My Energy Target Program; (6) Schools and Education Program; (7) Commercial New Construction Program; (8) Residential Demand Response Program; and (9) Small Commercial Demand Response Program.

1. The Commission's Methodology for Program Selection

56. In Order No. 20654, the Commission held that the utility programs would only be required to demonstrate an SCT benefit-cost ratio greater than 1.0 at the portfolio level (i.e., the entire set of programs together).[199] There is no requirement to screen each individual program using a specific SCT ratio; however, to address OPC and AOBA's concerns about the cost and cost-effectiveness of Pepco's proposed EEDR program portfolio, the Commission is willing to reduce overall program costs and used an SCT ratio of 2.0 to screen each individual program. Based on the Commission's analysis, this initial screen of each individual program yielded the greatest results in terms of energy savings and emissions reductions when compared to costs (i.e., the greatest cost-effectiveness) for the resulting portfolio of programs while also meeting the requirements of the CEDC Act and Commission guidance regarding EEDR programs. Pepco's proposed programs with an SCT ratio of 2.0 or greater include the Efficient Products Program (4.50), Residential Behavior Based Program (13.38), Small Business Program (2.77), Existing Buildings Program (3.18), Midstream Program (7.01), Commercial Behavior Based Program (3.54), and Commercial New Construction Program (2.17).

57. However, the Commission allowed exceptions to this initial screening method and selected for approval three (3) programs with an individual SCT ratio greater than 1.0 but less than 2.0: Quick Home Energy Check-Up Program (SCT ratio – 1.53), LMI Home Energy Program (SCT ratio – 1.34), and Low- and Moderate-Income Community Pilots (SCT ratio – not applicable). The Commission found these exceptions to be appropriate for two reasons. First, the Quick Home Energy Check-Up Program's SCT ratio is greater than 1.0 and would still be sufficiently cost-effective. In addition, this program provides a necessary educational component to help customers understand the benefits of energy efficiency, while also identifying appropriate measures for a given customer. Second, including the LMI programs helps meet the 30% LMI

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[198] Pepco assumes a January 1, 2022, effective date in its Application, but the Commission notes that this program likely will not start until January 1, 2023, at the earliest.

[199] Order No. 20654, ¶ 86.

spending threshold,[200] and the Commission is not initially requiring cost-effectiveness for low-income programs,[201] per Order No. 20654.

58. The Commission further excluded the Commercial New Construction Program despite its 2.17 SCT ratio because the Commission believes that new construction should be left to the competitive market for development, as suggested by AOBA.[202] In comparison to the other commercial programs that the Commission is approving, the Commercial New Construction Program has a lower SCT ratio.[203]

59. Therefore, the Commission's initial screening method and the three (3) allowed exceptions resulted in the identification of the following nine (9) programs for approval of a modified EEDR program: (1) Efficient Products Program; (2) Residential Behavior Based Program; (3) Small Business Program; (4) Existing Buildings Program; (5) Midstream Program; (6) Commercial Behavior Based Program; (7) Quick Home Energy Check-Up Program; (8) LMI Home Energy Program; and (9) Low- and Moderate-Income Community Pilots.

60. The Commission approves the program costs as proposed by Pepco for the following programs: Efficient Products Program ($8,889,927); Residential Behavior Based Program ($1,657,979); Existing Buildings Program ($33,901,537); Midstream Program ($4,342,209); Commercial Behavior Based Program ($514,024); Quick Home Energy Check-Up Program ($10,086,470); LMI Home Energy Program ($13,653,289); and Low- and Moderate-Income Community Pilots ($5,945,160). With respect to the Small Business Program, the Commission approves a program cost of $13.4 million, which represents a $5 million reduction from Pepco's proposed program cost of $18.4 million, over the three-year cycle. This reduction recognizes the $5 million small commercial customer energy efficiency program adopted in *Formal Case No. 1156, In the Matter of the Application of the Potomac Electric Power Company Authority to Implement a Multiyear Rate Plan for Electric Distribution Service in the District of Columbia* ("*Formal Case No. 1156*").[204] This program approved in *Formal Case No. 1156* offers supplemental energy efficiency rebates and loans to incentivize energy efficiency for small commercial customers with a maximum demand under 150 kW.[205] Further, in response to Commission Staff Data Request No. 1-3, Pepco indicated that this $5 million can work in concert

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200 Order No. 20654, ¶ 90.

201 Order No. 20654, ¶ 87.

202 The Commission also did not approve the Residential New Construction and Major Renovation Program, which has an SCT ratio of 1.79. Application at 118.

203 The other approved commercial programs and their SCT ratios are as follows: Small Business Program (2.77), Commercial Behavior Based Program (3.54), Midstream Program (7.01), and Existing Buildings Program (3.18). Application at 118.

204 *Formal Case No. 1156*, Order No. 20755, ¶ 476 (d)(iv), rel. June 8, 2021.

205 Order No. 20755, ¶ 91.

with programs ultimately approved by the Commission in *Formal Case No. 1160*, as well as programs currently administered by DCSEU.[206]

61. This modified EEDR program that the Commission is approving, resulting from the Commission's initial screening method of an SCT ratio greater than 2.0 at the program level and the three (3) allowed exceptions for the Quick Home Energy Check-Up Program and LMI programs, compares favorably to Pepco's proposed EEDR program portfolio by several measures over the three-year cycle. First, the modified EEDR program provides a higher SCT ratio of 3.1, as compared to Pepco's SCT ratio of 2.8, at the portfolio level. This SCT ratio of 3.1 also meets the requirement to demonstrate an SCT benefit-cost ratio greater than 1.0 at the portfolio level per Order No. 20654.[207] Second, approval of the modified EEDR program reduces the total program cost from $117.6 million to $92.4 million, which represents a nearly 22% decrease. This reduction is reasonable considering OPC and AOBA's concerns about the cost of Pepco's proposed EEDR program. Third, the modified EEDR program achieves a greater LMI spending share of 33% ($30.6 million LMI spending of $92.4 million total program cost) as compared to Pepco's LMI spending share of nearly 30% ($35.6 million LMI spending of $117.6 million total program cost). This LMI spending share of 33% also meets the 30% LMI spending threshold per Order No. 20654.[208] Finally, it achieves approximately 91% (226,831 MWh of 248,817 MWh) of Pepco's energy savings, which represents nearly 1% in energy savings based on 2019 retail rates over the three-year cycle. These energy savings are consistent with the target of 1% target reduction per year of gross wholesale electricity savings in Year 3 over a three-year cycle per Order No. 20654.[209]

2. Compliance With the CEDC Act and Commission Guidance Regarding EEDR Programs

a. Consultation and Coordination With DOEE, DCSEU, and SEUAB

62. As prescribed by D.C. Code § 8-1774.07 (g)(4), Pepco describes the Company's coordination between DOEE, DCSEU, SEUAB, and other stakeholders to identify gaps in existing DCSEU program offerings, analyze possible goal structures and other key items for discussion during the EEDR Working Group process, and discuss how to coordinate and divide certain markets that would otherwise pose a likelihood of overlap with existing and planned DCSEU programs.[210] These efforts culminated in an agreement on a set of residential EEDR programs for Pepco to offer in the District and an agreement to split the commercial market based on whether a

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[206] *Formal Case No. 1160*, Potomac Electric Power Company's Response to Commission Staff Data Request No. 1-3, dated March 11, 2022.

[207] Order No. 20654, ¶ 86.

[208] Order No. 20654, ¶ 90.

[209] Order No. 20654, ¶ 76.

[210] Application at 96.

building is subject to the 2019 BEPS compliance cycle.[211] Further, on July 28, 2021, SEUAB filed a letter with the Commission acknowledging that Pepco met its consultation requirement.[212]

63. DCSEU, OPC, and DOEE each express concerns about duplication and market confusion. They also stress the need for ongoing coordination and offer a myriad of recommendations, both general and program-specific, to avoid these risks, such as codifying certain program divisions between Pepco and DCSEU, directing the use of the Technical Issues Group or equivalent to address issues, requiring plans to avoid duplication and customer confusion, minimizing administrative burdens, consolidating programs, and approving the commercial market agreement between Pepco and DCSEU contained in Appendix A of Pepco's Application.

64. Specifically, OPC recommends several measures to address both Pepco and DCSEU offering EEDR programs in the District, including requiring Pepco to describe how it will avoid crowding out the competitive market, file a plan to avoid customer confusion, show how it will minimize the cost of administrative services to ratepayers, and minimize administrative burdens on DCSEU and DOEE through effective coordination structures and timely and user-friendly information sharing.[213] OPC also contended that the following programs were potentially redundant with DCSEU programs: (1) Residential Efficient Products; (2) HPwES; (3) Commercial Efficient Rebates; (4) Schools and Education; and (5) Prescriptive Rebate.[214] As an initial matter, the Commission is not approving the HPwES program or the Schools and Education program, so there is no need to address OPC's concerns about these programs at this time. Regarding OPC's recommended measures, the Commission declines to adopt them currently. With respect to Residential Efficient Products, Commercial Efficient Rebates, and Prescriptive Rebate, the Commission notes that to the extent any overlap exists between Pepco and DCSEU's offerings, DCSEU has not claimed that such overlap runs afoul of the CEDC Act. The Commission also finds that Pepco and DCSEU have entered a commercial market agreement, which will help avoid duplication and market confusion. Further, the Commission expects any administrative burdens from coordination to be minimal.

65. DOEE recommends that the Commission approve the commercial market agreement between Pepco and DCSEU contained in Appendix A of Pepco's Application.[215] The Commission approves this agreement because it will help avoid duplication and market confusion. Additionally, no commenter has objected to such approval. DOEE also comments that in terms of coordination, DOEE's e-recycling program should inform Pepco's Appliance Recycling Program, and Pepco should address in a technical evaluation working group how it will treat appliance upgrades that are required by building codes.[216] With respect to this last point, the Commission is

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211 Application at 96-97.

212 Application at 97-98; SEUAB's Letter.

213 OPC's Comments at 12-16.

214 OPC's Comments at 13-14.

215 DOEE's Comments at 6.

216 DOEE's Comments at 7.

not approving the Appliance Recycling Program, so there is no need to address DOEE's concern about this program at this time.

66. DCSEU organizes its concerns about overlap into three (3) groups: (1) programs with little to no concern;[217] (2) programs that need some additional coordination and clarification;[218] and (3) programs with the greatest need for additional effort to avoid duplication.[219] As a general matter, for the first group, the Commission notes that DCSEU has no comment or concern on the programs, except DCSEU points to the need for incentive alignment for HPwES and Small Commercial Demand Response.[220] However, the Commission is not approving the HPwES program or the Small Commercial Demand Response program, so there is no need to address DCSEU's concerns about these programs at this time. For the second and third groups, DCSEU generally seeks clarification and points to the need for incentive alignment and ongoing coordination regarding the programs, including implementing DCSEU and Pepco's commercial market agreement, and comments specifically on Residential New Construction and Major Renovation, Low- and Moderate-Income Community Pilots, Commercial New Construction, Commercial Behavior Based, Efficient Products, Small Business, Commercial Midstream, Existing Commercial Buildings, and LMI Home Energy.[221] DCSEU then makes three (3) main recommendations to address these concerns about duplication and harm to existing markets: (1) codify in an order certain program divisions between Pepco and DCSEU; (2) direct the use of the Technical Issues Group or equivalent to address issues, such as measurement of savings and incentive alignment; and (3) require Pepco and DCSEU to report back to the Commission with a plan for non-duplication of lighting and HVAC-related equipment through midstream and retail channels, and additional details of incentive alignment.[222]

67. The Commission first notes that out of the second and third groups, the Commission is not approving the Residential New Construction and Major Renovation program or the Commercial New Construction program, so there is no need to address DCSEU's concerns about these programs at this time. With respect to DCSEU's remaining program-specific concerns, as detailed herein in paragraph 38, and more general concerns about duplication and harm to existing markets, the Commission accepts DCSEU's recommendation that the Technical Issues Group should be used to address such issues. As previously explained, ongoing coordination will be

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217 DCSEU identified the following programs as causing little to no concern: (1) Appliance Recycling; (2) Quick Home Energy Check-Up; (3) HPwES; (4) Energy Engineers; (5) My Energy Target; (6) Residential Behavior Based; (7) Schools and Education; (8) Residential Demand Response; and (9) Small Commercial Demand Response. DCSEU's Comments at 7-8.

218 DCSEU identified the following programs as needing some additional coordination and clarification: (1) Residential New Construction and Major Renovation; (2) Low- and Moderate-Income Community Pilots; (3) Commercial New Construction; and (4) Commercial Behavior Based. DCSEU's Comments at 8-9.

219 DCSEU identified the following programs as having the greatest need for additional coordination and clarification: (1) Efficient Products; (2) Small Business; (3) Commercial Midstream; (4) Existing Commercial Buildings; and (5) LMI Home Energy. DCSEU's Comments at 9-13.

220 DCSEU's Comments at 7-8.

221 DCSEU's Comments at 8-13. DCSEU's program-specific comments are detailed herein in paragraph 38.

222 DCSEU's Comments at 13-16.

critical. However, the Commission declines to adopt DCSEU's recommendation to codify in an order certain program divisions between Pepco and DCSEU. The Commission finds that the commercial market agreement between Pepco and DCSEU, which the Commission is approving, is initially sufficient to help avoid duplication and market confusion. Additionally, Pepco proposed changes to DCSEU's recommended program divisions, which the Commission finds should be discussed in the Technical Issues Group. The Commission also declines to adopt DCSEU's recommendation to require Pepco and DCSEU to report back to the Commission with a plan for non-duplication of lighting and HVAC-related equipment through midstream and retail channels, and additional details of incentive alignment. We view this as a matter of ongoing coordination appropriate for discussion in the Technical Issues Group.

68. Finally, AOBA takes issue with Pepco's proposed EEDR program, contending that DCSEU was chartered and funded to provide the programs and services that Pepco is offering.[223] However, the Commission is not persuaded by this point. Notwithstanding DCSEU's existence, the CEDC Act allows Pepco, after consultation and coordination with DOEE, DCSEU, and SEUAB, to apply to the Commission to offer EEDR programs in the District that Pepco can demonstrate are not substantially similar to programs offered or in development by DCSEU, unless DCSEU supports such programs.[224] AOBA does not show, and more importantly, DCSEU does not claim, that Pepco's proposals violate the CEDC Act. Moreover, the Commission finds that any additional concerns about overlap can be addressed in the working group process that the Commission approved in Order Nos. 21030 and 21076, as the Commission and commenters agree that ongoing coordination will be critical. In Order No. 21030, the Commission directed the EEDR Working Group "to reconvene and meet every six (6) months from the program implementation date to address/resolve any challenges and to discuss new opportunities or desirable changes that may have arisen during the six-month program implementation."[225] In Order No. 21076, the Commission granted DOEE's request to modify the decision in Order No. 21030 and establish a Technical Issues Group to discuss technical details of EEDR program implementation and measurement.[226] However, the Technical Issues Group shall serve as a subgroup to the EEDR Working Group and shall have no formal authority over program implementation or evaluation.[227] Therefore, the Commission determines that Pepco met the requirements to consult and coordinate with DOEE, DCSEU, and SEUAB and to demonstrate that its proposed EEDR programs are not substantially similar to programs offered or in development by DCSEU, unless DCSEU supports such programs.

b. Energy Savings Metrics and Cost-Effectiveness Standards

69. Order No. 20654 requires an application to offer EEDR programs in the District to meet the energy savings metrics and cost-effectiveness standards established by the Commission,

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[223] AOBA's Comments at 12-13.

[224] D.C. Code § 8-1774.07 (g)(4) (2019).

[225] Order No. 21030, ¶ 47.

[226] Order No. 21076, ¶¶ 9, 11.

[227] Order No. 21076, ¶ 9.

specifically an energy savings target of 1% target reduction per year of gross wholesale electricity savings in Year 3 over a three-year cycle and an SCT benefit-cost ratio greater than 1.0 at the portfolio level.[228] The Commission finds that the modified EEDR program is consistent with these established energy savings metrics and cost-effectiveness standards. First, the modified EEDR program provides an SCT ratio of 3.1 at the portfolio level, exceeding the requirement for an SCT ratio greater than 1.0 per Order No. 20654.[229] Second, it is forecasted to achieve 226,831 MWh in energy savings, which represents nearly 1% in energy savings based on 2019 retail rates, consistent with the target of 1% target reduction per year of gross wholesale electricity savings in Year 3 over a three-year cycle per Order No. 20654.[230]

70. Order No. 20654 also requires an application to "primarily benefit" LMI customers, defined to mean "a minimum floor of 30% total program budget."[231] The modified EEDR program also meets this requirement, as it achieves an LMI spending share of roughly 33%, exceeding the 30% LMI spending threshold. NHT/NRDC express concern that the proposed EEDR programs will not "primarily benefit" LMI customers without additional outreach measures and program design enhancements to overcome economic and structural barriers and request that the Commission ask Pepco to file a revised application.[232] NHT/NRDC also offer 10 program design recommendations, as detailed herein in paragraph 41. The Commission finds that while NHT/NRDC raise a potentially valid point about barriers to participation for LMI customers, NHT/NRDC submit no data or information to show that the projections in Pepco's Application are inaccurate. Based on the information in the record, the Commission determines that the modified EEDR program is projected to "primarily benefit" LMI customers, and it is unnecessary for Pepco to file a revised application. However, the Commission avers that additional outreach measures and program design enhancements to overcome economic and structural barriers can be addressed in the EEDR Working Group or Technical Issues Group.

c. In the Public Interest and Consistent With the District's Public Climate Change Commitments

71. The Commission further concludes that the modified EEDR program is "in the public interest and consistent with the District's public climate change commitments," as required under the CEDC Act.[233] As previously discussed, the program results in significant energy savings and emissions reductions in a cost-effective manner, while also primarily benefiting LMI

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[228] D.C. Code § 8-1774.07 (g)(5) (2019); Order No. 20654, ¶¶ 76, 86. By Order No. 20654, the Commission directed Pepco to report QPIs semi-annually for energy efficiency programs. Order No. 20654, ¶ 96.

[229] Order No. 20654, ¶ 86.

[230] Order No. 20654, ¶ 76.

[231] Order No. 20654, ¶ 90.

[232] NHT/NRDC's Comments at 2-3.

[233] D.C. Code § 8-1774.07 (g)(6) (2019).

customers. DOEE also agrees that "Pepco's offerings are well-aligned with the District's energy and climate targets."[234]

72. However, AOBA claims that Pepco's proposed EEDR program is not in the public interest due to excessive cost and a disproportionate impact on commercial building owners.[235] Regarding the cost, AOBA's arguments fail because they do not consider that LMI programs must make up at least 30% of the total program budget, Pepco's program portfolio must operate within the parameters of the commercial market agreement with DCSEU, and AOBA did not explain why the administrative costs are "unnecessary."[236] With respect to this last point, Pepco's administrative costs, which represent 34% of the total program budget, are also consistent with approved programs operating in other PHI utilities and, therefore, with what is expected in utility-administered EEDR programs.[237] Ultimately, Pepco has proposed a wide range of programs expected to meet the established energy savings metrics and cost-effectiveness standards. Regarding the impact on commercial building owners, the Commission notes AOBA's reference to the impact of BEPS on building owners but avers that AOBA has not demonstrated specifically why building owners would bear a "disproportionate impact" of the EEDR program costs. The Commission also finds that the impact to building owners from the EEDR program costs is not disproportionate. A greater share of the modified EEDR program expenditures is for commercial programs. However, per Order No. 20654, based on the recommendation of the EEDR Working Group, recovery of the EEDR program costs is based on usage, and total usage for commercial customers is larger than for residential customers.[238] Thus, the Commission concludes that the modified EEDR program, in which cost recovery is proportional to (i.e., based on) usage, results in a reasonable distribution of cost responsibility across customer classes.

73. OPC also challenges Pepco's proposed EEDR program for low savings and high costs as compared to other regional utilities.[239] OPC bases this objection on GDS's benchmarking analysis, which found that when compared to other regional utilities, Pepco's savings as a percentage of sales are the lowest, savings per kWh are the lowest, program costs per kWh are the highest, cost per first-year kWh is nearly triple the average, total cycle cost is more than double the average, and cost per kWh saved is 135% higher than the other regional utilities and more than five (5) times as expensive as DCSEU for 2020.[240] However, the Commission finds that the benchmarking analysis is misleading because it fails to consider that costs for initial programs typically include higher startup costs, which decrease over time; the other regional utilities include offerings (e.g., upstream residential lighting) that Pepco cannot include due to the commercial market agreement between Pepco and DCSEU; the other regional utilities have a different program

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[234] DOEE's Comments at 3.

[235] AOBA's Comments at 4-5, 9-12.

[236] Pepco's Reply Comments at 12-13.

[237] Pepco's Reply Comments at 12-13.

[238] Order No. 20654, ¶ 78.

[239] OPC's Comments at 7.

[240] OPC's Comments at 8.

mix than Pepco's proposed EEDR program; and LMI programs typically have a higher cost per kWh than other programs.[241] Notwithstanding this conclusion, the Commission notes that it would be open to considering the findings of a benchmarking analysis that remedies these deficiencies.

74. OPC then recommends that the Commission approve only five (5) programs based on cost-effectiveness and reject or hold in abeyance Pepco's other programs until the initially approved programs undergo an independent evaluation.[242] The Commission finds that while OPC's proposed portfolio would significantly reduce program costs to $46.4 million (approximately 40% of Pepco's $117.6 million total program cost), it would only achieve approximately 62% (154,234 MWh of 248,817 MWh) of Pepco's energy savings and only a fraction of Pepco's emission reductions over the three-year cycle. Therefore, the Commission declines to accept OPC's proposal because it is inconsistent with the 1% energy savings target established in Order No. 20654[243] and would not achieve the energy use reductions to help the District achieve its energy and climate goals. Furthermore, the Commission is approving a modified EEDR program that reduces costs while also meeting the requirements of the CEDC Act and Commission guidance regarding EEDR programs (and importantly, with respect to cost-effectiveness and LMI spending share, compares favorably to Pepco's Application). The Commission also determines that it is unnecessary to reject or hold in abeyance Pepco's other programs at this time, as the remaining programs in Pepco's Application that are not part of the modified EEDR program will be addressed in *Formal Case No. 1167*.

75. Regarding OPC's claim that Pepco has not provided sufficient documentation (i.e., EEDR Potential Study; residential appliance saturation study and non-residential equipment saturation study; information on measure savings, useful lives, and program-level LMI budget allocations) to support its Application,[244] the Commission finds that these objections already have been, or will be, addressed. Pepco will begin its EEDR Potential Study this year, and it will be completed in time to provide any adjustments to the approved programs after the first year. Also, Pepco indicated that the measure data is built up based on the Mid-Atlantic TRM using assumptions from Maryland program data where needed to complete savings algorithms.[245] Further, Pepco claims that in response to OPC data requests, Pepco provided confidential data supporting its expected measure-level assumptions, including measure load shapes; measure lives; incremental measure costs; incentive unit costs; and annual measure level kWh, kW, therms, and water savings, where applicable.[246] Lastly, Pepco asserts that it is using a tiered approach to LMI income verification, and this is the same approach that was discussed with the EEDR Working

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[241] Pepco's Reply Comments at 15-16.

[242] OPC's Comments at 7-8, 11-12. These five (5) programs are (1) Behavior Base; (2) Existing Buildings; (3) Midstream; (4) Commercial Behavior; and (5) LMI Pilot.

[243] Order No. 20654, ¶ 75.

[244] OPC's Comments at 10.

[245] Pepco's Reply Comments at 14, n. 45.

[246] Pepco's Reply Comments at 14, n. 46.

Group and with DOEE and DCSEU.[247] This approach is also consistent with the approach approved by the Commission in Order No. 21030, which allowed Pepco to use the same income verification guidelines already established by the DCSEU, except for LMI multi-family buildings.[248] The Commission further notes that the commenters will have an opportunity to comment again on this matter after the first year of program operation as part of Pepco's semi-annual reporting per Order No. 20654 and in the EEDR Working Group or Technical Issues Group.[249]

d. Unlikely to Harm or Diminish Existing Markets

76. In Order No. 20654, the Commission approved ACEEE's recommendations on measures to take to ensure that any EEDR programs do not impede District business or nonprofits that provide EEDR programs in the District.[250] Using those recommendations, the Commission finds that the modified EEDR program is "unlikely to harm or diminish existing energy efficiency or demand response markets in which District businesses are operating." The ACEEE recommendations adopted in Order No. 20654 address how to divide responsibilities for workforce development, customer acquisition, retail product program offerings, and LMI customers between government agencies, utilities, and DCSEU.[251] AOBA argues that Pepco's proposals do not meet this requirement because Pepco may compete with AOBA members that provide energy services.[252] However, the Commission finds that the January Report did not characterize this requirement as requiring Pepco to avoid offering EEDR programs simply because other businesses and nonprofits may offer similar services. Rather, the "market harm" statutory provision is designed to prevent EEDR program administrators, such as DCSEU and Pepco, from "substantial overlap" in their offerings.[253] AOBA does not show substantial overlap of Pepco's programs with AOBA members' programs; AOBA merely claims that Pepco "may" compete with AOBA's members that provide "energy services."[254] This is insufficient to demonstrate the market harm contemplated by the CEDC Act.

e. Rider EEDR

77. The Commission further approves Pepco's proposed Rider EEDR because we are persuaded that it will result in a just and reasonable rate, and it is consistent with our prior

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[247] Application at 84.

[248] Order No. 21030, ¶¶ 34-37.

[249] Order No. 20654, ¶ 84.

[250] Order No. 20654, ¶ 82.

[251] Pepco's Reply Comments at 10-11; *see also* Order No. 20654, ¶ 82.

[252] AOBA's Comments at 5.

[253] January Report at 13.

[254] AOBA's Comments at 5.

pronouncement in Order No. 20654.[255] The Commission finds that expenditures for the modified EEDR program should be included in a regulatory asset and recovered through a volumetric surcharge, using a seven-year amortization period, with the final Year 3 expenditures fully amortized by Year 10. The volumetric surcharge should enable recovery of all expenditures and apply uniformly to all customers, excluding Pepco's RAD customers. Pepco should implement an annual true-up process that will become effective subject to Commission approval and file the first true-up on October 1, 2023, and annually by October 1 thereafter.

78. OPC and AOBA challenge Rider EEDR. OPC argues that Rider EEDR, including the application of the CCRF to the program costs, is not just and reasonable.[256] AOBA believes that ratepayers should not be forced to pay another surcharge in addition to several already in effect in the District.[257] However, by Order No. 20654, the Commission approved the EEDR Working Group's recommendation to use a surcharge for recovery for the EEDR program, accomplished through establishing a regulatory asset, and also approved Pepco's proposal to amortize the program expenditures over a seven (7) year period.[258] Thus, it is reasonable to allow Pepco a return on its expenditures for any approved measures, as the Company must finance these expenditures over the next three (3) years and carry this investment on its balance sheet for up to 10 years until all expenses are amortized and collected from customers. The Commission also allows utilities to earn an approved rate of return on "rate base" items, and the determination of which items to include in the rate base is under the Commission's regulatory authority. Therefore, the Commission may allow a rate of return for expense items that would not typically receive a rate of return if the Commission allows for regulatory asset treatment of such items. The Commission has previously approved regulatory asset treatment for items, which are not pure capital costs but rather include O&M expenses.[259] Thus, there is precedent for the Commission to approve a rate of return for program costs—not just "capital and related costs"—associated with the modified EEDR program. Further, the Commission believes that denying a return on a regulatory asset balance of about $92 million could pose a credit rating risk issue for Pepco, given the material amount and that Pepco would need to carry on its balance sheet and recover over an extended period of several years.

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[255] Order No. 20654, ¶ 78.

[256] OPC's Comments at 19-20.

[257] AOBA's Comments at 5-7.

[258] Order No. 20654, ¶ 78.

[259] *See, e.g., GD2020-01, In the Matter of the Establishment of Regulatory Assets for COVID-19 Related Incremental Costs*, Order No. 20329, ¶ 5, rel. April 15, 2020 (authorizing Pepco and WGL to establish regulatory asset accounts to capture and track COVID-19 related incremental costs); *Formal Case No. 1139, In the Matter of the Application of the Potomac Electric Power Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service* ("*Formal Case No. 1139*"), Order No. 18846, ¶¶ 363-64, rel. July 25, 2017. In *Formal Case No. 1139*, the Commission approved Pepco's request to establish a regulatory asset to track and account cost to achieve ("CTA") merger-related costs that can be reviewed in any of Pepco's future rate case proceedings before any of the CTA regulatory asset balance is passed to ratepayers. The CTA regulatory asset was allowed to receive rate base treatment once approved for recovery because the CTA expenses represented investor-funded costs that have been incurred to realize savings that will flow through to customers.

f. Miscellaneous Comments

79. OPC recommends that for the Schools and Education Program, the Commission require Pepco to serve non-English proficient families more equitably by translating school materials into the range of languages that the District Department of Education provides.[260] OPC also urges Pepco to develop competitive demand response programs and a competitive Energy Engineers Program.[261] Finally, OPC avers that DOEE should enhance its portal website and phone number for all energy efficiency and renewable energy programs in the District.[262] As an initial matter, the Commission is not approving Pepco's Schools and Education Program, Energy Engineers Program, or demand response programs, so there is no need to address OPC's concerns about these programs at this time. With respect to OPC's recommendation that DOEE should enhance its portal website and phone number, the Commission, while supportive of a recommendation that would increase customer access to information, declines to rule on this matter since it is within DOEE's purview.

80. DOEE recommends that Pepco should offer OBF or OBP to finance upfront costs of energy efficiency improvements, thereby improving the offerings' impact and effectiveness.[263] Pepco states that it is willing to discuss the topic further with the EEDR Working Group or Technical Issues Group.[264] The Commission supports further discussion of such issues through one of these groups. DOEE also urges the Commission to reconsider its rejection of the EEDR Working Group's consensus recommendation to establish a technical evaluation working group, as it will be critical to maintaining coordination success.[265] However, as previously discussed, on reconsideration, the Commission established a Technical Issues Group as a subgroup of the EEDR Working Group to discuss technical details of EEDR program implementation and measurement, so this issue is moot.[266] Finally, DOEE states that Pepco's programs should outline how they can evolve to align with the benefit-cost analysis being considered in *GD-2019-04-M* and Pepco's Distribution System Planning for Non-Wires Alternative Process.[267] The Commission disagrees with this comment, as Order No. 20654 clearly sets forth how cost-effectiveness would be measured for Pepco's EEDR program in this proceeding.[268]

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260 OPC's Comments at 20.

261 OPC's Comments at 21.

262 OPC's Comments at 16.

263 DOEE's Comments at 3-4.

264 Pepco's Reply Comments at 7, n. 19.

265 DOEE's Comments at 6-7.

266 Order No. 21076, ¶¶ 9, 11.

267 DOEE's Comments at 7.

268 *See* Order No. 20654, ¶ 86.

81. Armada Power's Comments primarily concern Pepco's proposed Residential Demand Response Program.[269] However, since the Commission is not approving that program, there is no need to address Armada Power's concerns at this time.

B. Conclusion

82. The Commission has carefully reviewed the record in this proceeding and approves a modified three-year EEDR program, including the following programs as set forth in Pepco's Application: (1) Efficient Products Program; (2) Quick Home Energy Check-Up Program; (3) Residential Behavior Based Program; (4) LMI Home Energy Program; (5) Commercial Behavior Based Program; (6) Midstream Program; (7) Existing Buildings Program; and (8) Low- and Moderate-Income Community Pilots. The Commission also approves the Small Business Program but reduces the approved program costs to $13.4 million. Pepco shall implement the approved modified EEDR program beginning on January 1, 2023, and continuing for the three-year period thereafter, and may recover its approved program costs through Rider EEDR.

83. This modified EEDR program that the Commission is approving complies with the CEDC Act and Commission guidance regarding EEDR programs. First, Pepco met its requirement to consult and coordinate with DOEE, DCSEU, and SEUAB before applying and demonstrate that its proposed EEDR programs are not substantially similar to programs offered or in development by DCSEU, unless DCSEU supports such programs. Second, the modified EEDR program meets the energy savings metrics and cost-effectiveness standards established by the Commission, including the requirement to "primarily benefit" LMI customers. Lastly, the Commission finds the modified EEDR program to be in the public interest and consistent with the District's public climate change commitments and unlikely to harm or diminish existing energy efficiency or demand response markets in which District businesses are operating. This modified EEDR program, which offers ratepayers substantial energy and cost saving opportunities, is an important part of advancing the District's goal to "[i]mprove the efficiency of District-wide energy use to reduce overall consumption," including by 2032 cutting per capita energy use by 50%.[270] The modified EEDR program also serves to reduce peak demand by about 17 MW by Year 3, based on Pepco's estimates.

84. The modified EEDR program will also help address the District's climate goals. Emission reduction calculations remain complex and challenging and continue to evolve. Given this dynamic, the Commission utilized a range and identified the midpoint, based on DCSEU's average emissions factor (roughly 695 lbs/MWh of CO_2) and Pepco's marginal emissions factor (roughly 1,296 lbs/MWh of CO_2), as a reasonable approximation.[271] The modified EEDR program

[269] Armada Power's Comments at 1-3.

[270] Sustainable DC 2.0 Plan at 74, available at https://sustainable.dc.gov/sites/default/files/dc/sites/sustainable/page_content/attachments/sdc%202.0%20Edits%20V5_web_0.pdf.

[271] DCSEU FY2020 Performance Benchmarks Report at 24, available at https://doee.dc.gov/sites/default/files/dc/sites/ddoe/publication/attachments/DCSEU%20FY2020%20Performance%20Benchmarks%20Report%20FINAL.pdf; *Formal Case No. 1160*, Potomac Electric Power Company's Response to Commission Staff Data Request No. 1-4, dated March 11, 2022.

has the potential to reduce CO_2 emissions by roughly 181,000 metric tons over the three-year cycle, based on the resulting average of the two emission reductions for the modified EEDR program.

85. With respect to the bill impact on residential customers, the Commission estimates that over the three-year cycle, adoption of the modified EEDR program will result in a cumulative increase of 1.1% for the typical residential bill.

86. The Commission recognizes that Pepco's implementation of EEDR programs in the District is a new initiative that will have far-ranging implications for Pepco's customers. Although an important and necessary step toward achieving the District's energy and climate goals, as with any new initiative, the Commission anticipates that there will likely be minor difficulties during implementation. Accordingly, the Commission is willing to consider modifications to the approved program as warranted.

THEREFORE, IT IS ORDERED THAT:

87. The Commission **APPROVES** a modified three-year Energy Efficiency and Demand Response Program consisting of the programs as set forth in Paragraphs 89-90 herein to be implemented by the Potomac Electric Power Company;

88. The Commission **DIRECTS** the Potomac Electric Power Company to implement the approved modified Energy Efficiency and Demand Response Program beginning on January 1, 2023, and continuing for the three-year period thereafter;

89. The Commission **APPROVES** the following programs as set forth in the Potomac Electric Power Company's Application to Approve Three-Year Energy Efficiency and Demand Response Program: (1) Efficient Products Program; (2) Quick Home Energy Check-Up Program; (3) Residential Behavior Based Program; (4) LMI Home Energy Program; (5) Commercial Behavior Based Program; (6) Midstream Program; (7) Existing Buildings Program; and (8) Low- and Moderate-Income Community Pilots;

90. The Commission **APPROVES** the Small Business Program as set forth in the Potomac Electric Power Company's Application to Approve Three-Year Energy Efficiency and Demand Response Program, except that the approved program costs **SHALL** be reduced to $13.4 million;

91. The Commission **APPROVES** Rider EEDR, which will be effective beginning in the first billing month following commencement of the approved modified three-year Energy Efficiency and Demand Response Program;

92. Pepco **SHALL** file quantitative performance indicators consistent with Order Nos. 20654 (paragraphs 84 and 85) and 21030 (paragraph 25). A program evaluation **SHALL** be conducted consistent with Order Nos. 21030 (paragraphs 26 and 27) and 21056;

93. The Commission **DIRECTS** the Potomac Electric Power Company to file semi-annual (twice per year) reports that include, but are not limited to, the following information for each program: (1) net-to-gross ratios; (2) partnering activities with DCSEU; and (3) promotional materials used;

94. The Commission **DIRECTS** the Potomac Electric Power Company to file the first true-up on October 1, 2023, and annually by October 1 thereafter;

95. The Commission **APPROVES** the Commercial Agreement between the Potomac Electric Power Company and the District of Columbia Sustainable Energy Utility contained in Appendix A of the Potomac Electric Power Company's Application to Approve Three-Year Energy Efficiency and Demand Response Program;

96. The Commission **DIRECTS** the Potomac Electric Power Company to file any proposed changes to the approved modified three-year Energy Efficiency and Demand Response Program following completion of the Potomac Electric Power Company's EEDR Potential Study;

97. The Potomac Electric Power Company's Responses to Commission Staff Data Request Nos. 1-3 and 1-4, dated March 11, 2022, are **ENTERED** into the record; and

98. The Commission **GRANTS** the Department of Energy and Environment's Motion to File Its Initial Comments Out of Time and **ACCEPTS** the Comments for the record.

A TRUE COPY: **BY DIRECTION OF THE COMMISSION:**

Brinda Westbrook-Sedgwick

CHIEF CLERK: **BRINDA WESTBROOK-SEDGWICK**
COMMISSION SECRETARY