

**Formal Case No. 1160: Eighth EEDR Metrics Working Group Meeting  
1325 G Street, N.W., Suite 800  
Washington, D.C. 20005**



**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**

**EIGHTH ENERGY EFFICIENCY AND DEMAND RESPONSE METRICS WORKING GROUP MEETING MINUTES**

**Meeting Commencement**

The CleanEnergy DC Omnibus Amendment Act of 2018 (“Omnibus Act”), which became law on March 22, 2019, directed the Energy Efficiency and Demand Response (“EEDR”) Metrics Working Group (“WG”) to discuss an overview of how EEDR Metrics required by the Omnibus Act should be implemented. The Working Group filed a recommendation with the Commission on January 30, 2020. In October 2020, By Order No. 20654, the Commission accepted many of the EEDR’s WG consensus recommendations and directed the WG to reconvene “to consider a limited number of unresolved issues such as the governance structure to coordinate the planning, delivery, reporting, and evaluation of EEDR programs administered by the utilities including cost allocation and recovery, filing requirements, income verification, data sharing, and additional reporting requirements, if any, and the design and recommended list of EEDR PIMs.”<sup>1</sup> The Eighth EEDR WG meeting convened virtually at 10:05 a.m. on Thursday, January 7, 2021, via Microsoft Teams.

**Attendees (see Attachment No. 1)**

**Issues Discussed (see Attachment No. 2)**

**Adjournment**

The meeting adjourned at 12:00 p.m.

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<sup>1</sup> *Formal Case No. 1160, In the Matter of the Development of the 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. 20654, ¶¶ 83, 92, rel. October 30, 2020.

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**Synopsis of Issues Discussed**

- **Income Verification/Data Sharing**

- DOEE presented on DCSEU Income Verification Process (**Attachment No. 3**) and then Data Sharing (**Attachment No. 4**). Pepco asked about the process for customer consent of sharing consumption data, what would that step be? DOEE noted that customer consent should be part of the agreement form between DCSEU and participant. DOEE asked, is there a process for Pepco to obtain consent from nonparticipants? Pepco stated that, according to statute and Commission regulations, they are unable to provide the type of granular customer data set out in DOEE's presentation except in aggregate form or with the consent of the individual customer. WGL confirms the same. Pepco asked if the DCSEU would also share participant roll data? DOEE confirmed that participant roll data could be shared two-ways. DOEE asked, how does consumption data consent for EEDR program participants work in MD. Pepco noted that the agreement is a part of the customer participation terms in MD. There is a common vendor for both utilities, so there's no data sharing needed between Pepco and WGL. DOEE asked if Pepco is legally permitted to ask customers to share the data with other entities. Pepco confirmed it can. They would need explicit consent upon customers signing up. DOEE asked if Pepco has behavioral programs in MD. Pepco stated that they have confidentiality agreements with vendors, and that data isn't shared with outside entities. In the case of MD, the data is shared with a consultant working for Pepco directly. DOEE pondered whether such relationship (sharing data with subcontractors) can be applied to this process. Pepco does not think that is applicable as the company/contractor relationship is not the same as DCSEU and the utilities working in similar areas. WGL stated that the utilities are prohibited under statute and regulation from sharing customer-specific information without customer consent. DOEE asked if there is a possibility of an amendment to that statute? Pepco stated that this would be a policy question, but for now customer consent or aggregation is the only path available. DOEE believes they could follow the same process of obtaining consent.
- Pepco asked if data is shared with DOEE, is it for a certain reason or for more general data sharing? DOEE stated, when a customer applies to DOEE for LIHEAP or another program, it reaches out to the utility for customer data. WGL commented that they have to verify that consent was given to DOEE before sharing that data. Once the waiver is obtained, there is no issue. DOEE commented on larger programs, is there a way to obtain the data on the scale of buildings instead of at customers? WGL stated that consent would have to come from the customers. DCSEU commented that working on larger buildings, it is a hurdle to attempt to obtain load shape data. Any way to be more efficient in sharing building data would be helpful for DCSEU and other program implementers. Staff asked about data sharing at the aggregate level. DCSEU noted that there were discussions many years ago on a larger level than a single

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building, but that the type and manner of data availability at that time (not electronic 15-minute interval data) added little value in planning program strategy. Staff asked if the type of building (e.g. MMA or IMA) makes any difference? DCSEU responded that they do not typically require building specific utility data whether it is IMA or MMA to provide most services to customers. Staff wonders if some aggregate data can be helpful in certain scenarios. While it can't be ruled out, the DCSEU has done all market research without utility data to this point. Recently, the DCSEU has implemented a pay-for-performance program recently where the DCSEU obtains individual green button customer data from Pepco and monthly customer data from Washington Gas via letters of authorization. At the beginning of the DCSEU contract, the aggregate data was found to be not very useful in targeting programs to specific buildings or customers. Having access to data would be very beneficial.

- Staff discussed potential TOU pilot programs, noting that the group is interested if the customers are participating in any other program (EE, Solar For All etc.). Staff wonders if Pepco knows if an individual volunteering for a TOU program is already participating in another program such as EE program by DCSEU. DCSEU stated that Pepco would not know at this time if a customer is enrolled in other programs. DOEE asked if DCSEU collects utility account information from participants? DCSEU requests a recent Pepco and WGL bill but is just a formality to confirm the person is a utility customer. Customer account numbers are not routinely entered into their data tracking. OPC requested that whatever disclosures are sought by DCSEU or any other entity need to explicitly state what purpose the customer's data is being used and the duration of such privilege for the data? Pepco stated that written consents need to be explicit in what purpose the data will be used for, and that it will not be used for any other purpose. Many of the customers have already provided consent from signing up for LIHEAP or another program. The issue is about other customers who have not signed consent forms. SEUAB noted that the privacy laws are similar across jurisdictions and asks if there were other jurisdictions that have already solved the current issue we're having. ACEEE mentioned New Jersey's ACE and NJ BPU to look into. Pepco stated that the BPU program doesn't have access to utility specific data. Utilities in NJ are offering programs that have substantial overlap with an incentive sharing mechanism. NJ is establishing a statewide coordinator so that no data will go back and forth but can identify if a customer has participated in a program. No broad scale data sharing occurs between groups in that jurisdiction. Staff asked, regarding green button data discussions in FC 1130, are there any jurisdictions that allow for that data sharing? Pepco noted that the customers would have to share their own data, the utility does not share it. Pepco notes the Schneider tool allows customers consent to contractors obtaining their data. However, the customers need to agree to such data sharing. DOEE asked about aggregation of data, at the building level with more than 5 customers, why can't that data be shared with DCSEU? Pepco will have to meet internally to confirm how benchmarking data was shared in the past. OPC asked what approach is

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utilized now regarding sharing customer data, as what particular information is shared is very relevant and protecting sensitive data such as social security numbers, account numbers to avoid breaches are very important. Pepco said this is something that can be discussed, but a more targeted approach may still be the way to go. DCSEU doesn't recall any attempt to obtain broad consent.

- OPC noted that customers are already paying for programs through SETF and ETF fees on their bills. OPC wants to ensure that the playing field is as level as possible such there is not duplicative programs. DOEE suggested a clearinghouse or a statewide administrator. Pepco noted that the utilities do not share consumption data per the law and Commission regulations. DOEE restated that the discussion is program participation data. Pepco noted that the situation in NJ is more complicated as there is more than one utility, and there are core programs that apply to multiple utilities. DC does not get as complicated as that jurisdiction. DOEE wants the participation data to be shared with DCSEU and the utilities as it would be good for this process. WGL asked about the level of granularity. DOEE envisions name, service address, customer number, the program details to ensure no duplication of incentives across programs. WGL believes that utility programs would not be duplicative of DCSEU programs, so there should not be overlap. There seems to be a process in place to obtain building data, and are the groups looking for further data, or are there gaps in current sharing. DOEE disagreed that there would be overlap or reasons for not wanting a customer to participate in multiple programs. Consumption data is a major gap and echoes OPC's concern of wanting to bridge the data access gap. Sierra Club believes that while the working group should recognize the current laws, it should also discuss an ideal data sharing framework to facilitate EEDR program efficiency and coordination. Then the working group can recommend specific changes to law or rules to allow such data sharing.

- **Matrix of minimum reporting requirements**

- Pepco presented their proposed minimum reporting requirements matrix for discussion. (**Attachment No. 5**) OPC discussed previous conversations on undersubscription in one program allowing a transfer of funds to a certain threshold. DOEE stated that it would provide a written response to Pepco's proposed minimum filing requirements matrix. OPC asked if Pepco would make a filing when that happens. Pepco states that is how it is done in MD and would be included in the program cycle filing. Staff clarifies on initial 3-year cycle plan, that it should be for both low and moderate income (LMI). Item 5 subitem f should also be LMI. Staff asked about semiannual reporting including program modifications, should there be a section for midcourse corrections or suggestions, or if another party wants to modify part of the program? Pepco noted this may be more appropriate for the governance model to look into, should that arise and become necessary. Staff wants the flexibility and ability to modify the program in year one if there is a major issue or shortcoming rather than wait until end of Year

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2. Staff suggests adding some language such as midcourse corrections, if necessary. This is not minimum reporting requirement, but if it is needed, such a flexibility should exist. DOEE believes the utilities should report metrics for both low income and LMI programs separately because there are different regulatory requirements for each category. Pepco stated its reporting is detailed and will have that level of information.

- VEIC/DCSEU asked Pepco to clarify what “annual” and “cycle” savings meant. Pepco clarified “annual” meant incremental first-year savings and “cycle” meant cumulative first year savings over the program planning cycle. Pepco stated they would be happy to report out lifetime savings separately as well.
- Sierra Club discussed the QPIs on demand reduction and asked if a winter peak reduction could also be measured. Pepco stated that it could be done. DOEE will provide written feedback on the proposed minimum filing requirements.
- **Governance Structure**
  - DCSEU discussed its governance structure proposal (**Attachment No. 6**) at a high level. Discussion will be deferred until the next WG meeting.
- **WG Work Plan**
  - Staff discussed a proposed work plan of three more meeting (one in January and two in February). (**Attachment No. 7**) Staff proposed that Pepco’s RFP for its potential Study be completed and open for receipt of responses by end of February. WGL discussed that it will have a separate RFP for its Potential Studies but will be in discussions with Pepco throughout the process.

**Meeting Action Items**

- Pepco to meet internally to confirm how benchmarking data was shared in the past.
- DOEE to provide written feedback on the proposed minimum filing requirements.

**Next Steps (Revised)**

- **Working Group Meeting Minutes Report**
  - Draft Circulated to Parties: Tuesday, January 12, 2021
  - Comments from Parties to PSC Staff: Thursday, January 14, 2021
  - Report filed with Commission: Thursday, January 21, 2021

## FC1160 EEDR Working Group 1/7/2021 Meeting Attendance

Entity	Representatives
<b>ACEEE</b>	Rachel Gold- <a href="mailto:rgold@aceee.org">rgold@aceee.org</a>
<b>DC SEU</b>	Patti Boyd - <a href="mailto:pboyd@dcseu.com">pboyd@dcseu.com</a> Theodore Trabue Jr - <a href="mailto:ttrabue@dcseu.com">ttrabue@dcseu.com</a> Emily Levin - <a href="mailto:elevin@veic.org">elevin@veic.org</a> Dylan Voorhees - <a href="mailto:dvoorhees@veic.org">dvoorhees@veic.org</a>
<b>DC SEU Advisory Board</b>	Bicky Corman- <a href="mailto:bcorman@bickycormanlaw.com">bcorman@bickycormanlaw.com</a>
<b>DOEE</b>	Hussain Karim - <a href="mailto:hussain.karim@dc.gov">hussain.karim@dc.gov</a> > Jamie Donovan - <a href="mailto:jamie.donovan@dc.gov">jamie.donovan@dc.gov</a> Alexandra Fisher - <a href="mailto:Alexandra.Fisher@dc.gov">Alexandra.Fisher@dc.gov</a> Kenley Farmer- <a href="mailto:kenley.farmer@dc.gov">kenley.farmer@dc.gov</a> Lancelot Loncke - <a href="mailto:Lancelot.Loncke@dc.gov">Lancelot.Loncke@dc.gov</a> Alex Lopez - <a href="mailto:Alex.Lopez@dc.gov">Alex.Lopez@dc.gov</a> Taresa Lawrence - <a href="mailto:taresa.lawrence@dc.gov">taresa.lawrence@dc.gov</a> David Epley - <a href="mailto:david.epley@dc.gov">david.epley@dc.gov</a>
<b>ICF</b>	Elena Vera- <a href="mailto:elena.vera@icf.com">elena.vera@icf.com</a> Justin Mackovyak - <a href="mailto:justin.mackovyak@icf.com">justin.mackovyak@icf.com</a> Drew Durkee - <a href="mailto:Drew.Durkee@icf.com">Drew.Durkee@icf.com</a> Lindsay Pollock - <a href="mailto:Lindsay.Pollock@icf.com">Lindsay.Pollock@icf.com</a> Jess Liddick - <a href="mailto:Jess.Liddick@icf.com">Jess.Liddick@icf.com</a> Joe Schambach – <a href="mailto:Joe.Schambach@icf.com">Joe.Schambach@icf.com</a>
<b>Natural Resources Defense Council</b>	Bella Spies - <a href="mailto:BSpies@nrdc.org">BSpies@nrdc.org</a>
<b>NCLC/NHT</b>	Todd Nedwick - <a href="mailto:tnedwick@nhtinc.org">tnedwick@nhtinc.org</a>
<b>OPC</b>	Adrienne Mouton-Henderson - <a href="mailto:AHenderson@opc-dc.gov">AHenderson@opc-dc.gov</a> Anjali Patel - <a href="mailto:apatel@opc-dc.gov">apatel@opc-dc.gov</a>
<b>Pepco</b>	Dennis Jamouneau- <a href="mailto:djamouneau@pepcoholdings.com">djamouneau@pepcoholdings.com</a> Donna Cooper- <a href="mailto:dcooper@pepco.com">dcooper@pepco.com</a> Megan Patridge Wehler- <a href="mailto:mpwehler@pepco.com">mpwehler@pepco.com</a> Brian Talley - <a href="mailto:Brian.Talley@pepcoholdings.com">Brian.Talley@pepcoholdings.com</a> Joseph K Cohen - <a href="mailto:jkcohen@pepcoholdings.com">jkcohen@pepcoholdings.com</a> Pamela Tate - <a href="mailto:petate@pepco.com">petate@pepco.com</a> Katarzyna Dana - <a href="mailto:Katarzyna.Dana@pepco.com">Katarzyna.Dana@pepco.com</a>
<b>Sierra Club DC Chapter</b>	Aykut (Ayk) Yilmaz - <a href="mailto:ayilmaz83@yahoo.com">ayilmaz83@yahoo.com</a>
<b>WGL</b>	Cathy Thurston-Seignious - <a href="mailto:CThurston-Seignious@washgas.com">CThurston-Seignious@washgas.com</a>

	Joshua McClelland - <a href="mailto:jmcclelland@washgas.com">jmcclelland@washgas.com</a> Andrew Lawson- AndrewLawson@washgas.com Stephen Burr - <a href="mailto:sburr@washgas.com">sburr@washgas.com</a> Melissa Adams - <a href="mailto:melissaAdams@washgas.com">melissaAdams@washgas.com</a> Erika Burns - <a href="mailto:Erika.burns@washgas.com">Erika.burns@washgas.com</a> Jeremy Hagemeyer - <a href="mailto:Jeremy.hagemeyer@washgas.com">Jeremy.hagemeyer@washgas.com</a>
<b>PSC Staff</b>	Lincoln-Stewart, Kimberly - <a href="mailto:KStewart@psc.dc.gov">KStewart@psc.dc.gov</a> Merancia Noelsaint – mnoelsaint@psc Lara Walt - LWalt@psc.dc.gov Grace Hu- GHu@psc.dc.gov Matthew Mercogliano - <a href="mailto:mmercogliano@psc.dc.gov">mmercogliano@psc.dc.gov</a> Roger Fujihara - rfujihara@psc.dc.gov



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Demand Response Metrics Working Group Meeting  
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Washington, D.C. 20005**

**January 7, 2021  
10:00 A.M. – 12:00 P.M.**

**AGENDA**

- |             |   |                                    |
|-------------|---|------------------------------------|
| <b>I.</b>   | <b>Sign In/Attendance</b>   | <b>STAFF</b>                       |
| <b>II.</b>  | <b>Income Verification/Data Sharing</b>                                   | <b>DOEE</b>                        |
| <b>III.</b> | <b>Matrix of minimum reporting requirements</b>                           | <b>Pepco/OPC</b>                   |
| <b>IV.</b>  | <b>Governance Structure</b>   | <b>ALL</b>                         |
| <b>V.</b>   | <b>Evaluation of Programs</b>   | <b>ALL</b>                         |
| <b>VI.</b>  | <b>EEDR Metrics WG Work Plan and Last Meeting Action Item<br/>Updates</b> | <b>STAFF</b>                       |
| <b>VII.</b> | <b>Meeting Minutes Report</b>   | <b>ALL</b>                         |
|             | <b>○ Draft Circulated to Parties:</b>                                     | <b>Monday, January 11, 2021</b>    |
|             | <b>○ Comments from Parties to PSC Staff:</b>                              | <b>Wednesday, January 13, 2021</b> |
|             | <b>○ Report filed with Commission:</b>                                    | <b>Friday, January 15, 2021</b>    |

**Adjournment**

## DCSEU Low Income Definition and Income Verification Requirements

**“Low-Income Households”** are households that have annual incomes equal to or below 80% of the Area Median Income (“AMI”) or 60% of the State Median Income (“SMI”), whichever is higher. The area median income for households in the Washington Metropolitan Statistical Area is set forth in the periodic calculation provided by the United States Department of Housing and Urban Development.

**“Low-Income Housing”** is defined as the District’s stock of affordable, low-income housing. It is defined as either (a) a single home where the owner or occupant meets the definition of “low-income households” in the DCSEU Contract, (b) a multifamily building (minimum of 4 units) where at least 66% of the households meet the definition of “low-income households” in this Contract, (c) buildings owned by non-profit organizations or government that meet the definition of “low-income households” in the DCSEU Contract, or (d) buildings where there are contracts or other legal instruments in place that assure that at least 66% of the housing units in the building will be occupied by low-income households.

### Income Guidelines for FY21 (October 1, 2020 – September 30, 2021)

Household Size	1	2	3	4	5	6	7	8
Maximum Annual Income	\$70,600	\$80,650	\$90,750	\$100,800	\$110,900	\$121,000	\$131,050	\$141,150

Household income amounts listed in this table are effective as of 04/01/2020, and are subject to change. Please visit the US Department of Housing and Urban Development website for the most up-to-date numbers.

### Income Verification Documents

To qualify for assistance from the DCSEU Low-Income Programs, applicants must provide the following documents:

- 1) Valid photo ID for the applicant (State-issued driver’s or non-driver’s license or passport);
- 2) Proof of income for everyone in your home who receives income (most recent payroll stub or other proof that shows current gross income for the last 30 days and is valid within the last 90 days);
- 3) Documentation showing income from Social Security, Unemployment Insurance, Pension Funds, Disability, etc;
- 4) Social Security cards (or documents with SSN number such as a paystub or official document from the Social Security Administration) for all persons living in a household; and

- 5) Zero Income Affidavit/Form for households with no income (must be signed by a Notary Public)

### **Acceptable Proof of Income Eligibility for Single Family Programs**

DC residents who receive assistance through any of the following programs are automatically eligible to receive services under the DCSEU Low-Income programs if they provide acceptable documentation as proof that they have received assistance through one of the following programs:

- 1) Supplemental Nutrition Assistance Program (SNAP);
- 2) Supplemental Security Income (SSI);
- 3) Low Income Home Energy Assistance Program (LIHEAP);
- 4) Residential Aid Discount (RAD);
- 5) Residential Essential Service (RES);
- 6) Weatherization Assistance Program (WAP);
- 7) Temporary Assistance for Needy Families (TANF); and
- 8) Medicaid Program Enrollment.

### **Acceptable Proof of Income Eligibility for Multifamily Programs**

To qualify for assistance through the DCSEU multifamily low-income programs the following documents are acceptable proof of income eligibility:

- 1) Rent Roll or Covenant Letter for buildings where there are contracts or other legal instruments in place that assure that at least 66% of the housing units in the building are occupied by low-income households; and
- 2) Income verification documents for at least 66% of the units in a multifamily building.

## **DOEE Proposal for EEDR Data Sharing For Discussion at the EEDR Working Group Meeting on January 7, 2021**

DOEE proposes the following categories of information that should be shared to facilitate the efficient and coordinated implementation of energy efficiency and demand response (EEDR) programs in the District. These categories are not meant to be exhaustive, and DOEE is open to suggestions for additional categories of data that could be shared.

- **EEDR program participation data**
  - Program participation data should be shared between the utilities, DOEE, and the DCSEU to assist in program marketing and recruitment, eligibility screening, and to avoid duplication of incentives between program administrators.
  - Implement protocols to preserve the security of personal data
  - Potential data fields:
    - Participant name
    - Program name
    - Service address
    - Mailing address
    - Utility account number
    - Date of participation
    - Incentivized measures
  
- **Energy consumption data**
  - The sharing of energy consumption data between EEDR program administrators would unlock efficiencies for program planning and design, program marketing and recruitment, program eligibility screening, program evaluation and performance contracting.
  - Several types of energy consumption data could be shared, including:
    - **Energy consumption data for current program participants**
      - A process already exists for DCSEU program participants to agree to share utility consumption data
      - Consumption data for participants can be used in program evaluation and pay for performance implementation models
    - **Energy consumption data for all customers**
      - Develop a framework for sharing energy consumption data, including interval data, with the DCSEU. Sharing energy consumption information with the DCSEU could drive efficiencies in program marketing, targeting, and recruitment.
      - The [CleanEnergy DC Omnibus Amendment Act of 2018](#), Section 201 contemplates closer coordination between utilities and DCSEU in implementation of EEDR programs
      - The [Clean Energy DC Plan](#) calls for greater access to building energy performance data for energy efficiency programs (EB.1), such as through a single user-friendly online platform. The Plan notes that sharing energy consumption data directly with the DCSEU would improve the DCSEU

program effectiveness, especially if the data was made accessible in real-time. The Plan recommends the Public Services Commission, the Office of People’s Counsel, the DCSEU, and the utilities to investigate the best path to granting access to real-time, granular interval energy consumption information of utility customers to the DCSEU, under strong non-disclosure requirements, in addition to information regarding congested or highly-burdened distribution feeder lines.

- Other relevant sections of the Clean Energy DC Plan include:
  - EB.8: Develop a virtual energy audit that is available and attractive to all building types. The virtual energy audit should be implemented with full cooperation from local utilities and access to utility data and ensure data confidentiality.
  - ESM.9: Leverage existing advanced metering infrastructure data to achieve energy use reductions, peak load reductions, GHG reductions, DER installations, and the overall grid modernizing process.
- The implementation of Green Button Connect my Data is a topic under consideration in the Power Path DC proceeding (FC1130). Implementation of Green Button Connect My Data would allow utility customers to share their interval data with a third-party in a streamlined, secure manner.
  - **Energy consumption data in an aggregated form**
    - Make available aggregated consumption data to DOEE, SEU, and other EE and DER providers, and other stakeholders as relevant, in accordance with DC Code § 34–1507 (i.e. aggregated to no less than 5 customers where no single customer represents more than 80% of load). This is important to remove data asymmetry between utility and non-utility efficiency and demand response providers and to ensure a competitive, non-discriminatory market.
    - Aggregated energy consumption data, for example the aggregated data from a multi-tenant building, could be beneficial in program targeting
- **Utility avoided cost inputs**
  - Used to align BCA screening assumptions between EEDR program administrators
  - Model inputs/assumptions used in avoided cost screening should be available to program participants and filed in a non-redacted
- **Data for determining LMI program eligibility**
  - LMI program eligibility criteria should be aligned between program administrators.
  - Potential data to share:
    - Senior Citizen and Disabled Resident Credit program roll
    - Residential buildings/units under affordability covenants, including Inclusionary Zoning units

## Pepco's Outlined Requirements for EEDR Plan Filing and Semi-Annual Reports

Paragraph 63 of PSC Order 20654 states that one of the outstanding topics to be taken up by the EEDR Metric Workgroup are minimum filing requirements for Pepco's EEDR plan and semiannual reports. Below is Pepco's outline of the descriptions and metrics that the Company proposes to present in its EEDR filings to the Commission.

### **EEDR Initial 3 Year Cycle Plan:**

1. Portfolio Description
  - a. Introduction on how Pepco's EEDR plan will meet the statutory energy goal outlined in Order 20654, as well as touch on how Pepco will meet other regulatory requirements, such as 30% portfolio spend on low income customers.
  - b. High-level overview of the residential, commercial, demand response, and low-moderate income sub-portfolios offered by Pepco
  - c. List of which programs that will be targeting the customer segments stated above (could be overlap)
  - d. Discuss how Pepco utilized EEDR inputs from programs in our other jurisdictions, namely Pepco MD, and how we incorporated lessons learned into the current filing, as well as describe the regulatory and technical differences between the two jurisdictions touching on why many assumptions are different than those proposed in MD.
  - e. Introduce portfolio level budgets and surcharge forecast
2. Governance, Coordination, and Cost-Recovery (include Working Group and overview of assumptions)
  - a. Briefly discuss the EEDR Metrics Working Group process and how Pepco's EEDR plan has incorporated the final recommendations as agreed upon by the Work Group. Chiefly, income verification, PIMs, cost recovery, data sharing, and governance structure.
  - b. Detail specifics of coordination with DC SEU, DOEE, and the DC SEU Advisory Board including dates of formal meetings; Outline any non-consensus items with Pepco's rationale for inclusion in the portfolio. Comments from the stakeholders would be filed separately.
3. Portfolio Level Metrics
  - a. Projected energy savings realized at the portfolio level (MWh and MW)
    - i. Annual
    - ii. Cycle
  - b. Projected overall budget at portfolio level
    - i. Annual
    - ii. Cycle
  - c. Projected overall BCA using the Societal Benefit Cost test at portfolio level

- i. Annual
    - ii. Cycle
  - d. Projected low-income participation, overall spend that went towards the low-income customer segment at portfolio level, as well as energy savings realized by low-income DC customers.
    - i. Annual
    - ii. Cycle
- 4. Proposed Program Descriptions – will include the following;
  - a. Intended customer segment(s) of individual programs (e.g. Residential, Commercial, Low-Moderate income, or combination)
  - b. Whether the program will be administered solely by Pepco or co-administered or run in consultation with the SEU
  - c. Current assessment of program market potential and overall reach
    - i. Some preliminary analysis of efficiency measures already offered through non-Pepco administered programs and how Pepco can complement or supplement current offerings
  - d. Overview of how program will be marketed
  - e. List of eligible measures
  - f. Proposed measure incentive amounts
- 5. Projected Metrics by Program
  - a. Projected Annual and Cycle Gross MWh savings<sup>1</sup>
  - b. Projected Annual and Cycle Gross MW savings
  - c. Projected number of program participants
    - i. Annual
    - ii. Cycle
  - d. Projected counts of each measure by program
    - i. Annual
    - ii. Cycle
  - e. Projected incentive dollars and overall program budget
    - i. Annual
    - ii. Cycle
  - f. Projected low-income participation in the program, overall program spend that went towards the low-income customer segment, as well as energy savings realized by low-income DC customers.
    - i. Annual
    - ii. Cycle
  - g. Projected BCA using the Societal cost test of the program
    - i. Annual

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<sup>1</sup> Since some programs / measures i.e. beneficial electrification, may produce MMBTU savings, Pepco will project and or report MMBTU reduction as an MWh equivalent in order to count towards savings goal.

ii. Cycle

**Semi Annual Reporting:**

Pepco seeks to align the Semi-Annual reporting Quantitative Performance Indicators (QPIs) to paragraph 84 in the Order. Pepco will report out the following:

- 1) Qualitative section highlighting key portfolio and program benchmarks as well as addressing any shortcomings in meeting regulatory requirements, if necessary.
- 2) Participants by Program
  - a. Forecasted Annual and Cycle
  - b. Actual Year to Date and Cycle to Date
- 3) Measure counts
  - a. Forecasted Annual and Cycle
  - b. Actual Year to Date and Cycle to Date
- 4) Annualized Gross and Net MWh savings, which may include MWh equivalent from MMBTU (see footnote 1)
  - a. Forecasted Annual and Cycle
  - b. Actual Year to Date and Cycle to Date
- 5) Demand reduction (Wholesale MW). Pepco Recommends MW reduction be Summer Peak
  - a. Forecasted Annual and Cycle
  - b. Actual Year to Date and Cycle to Date
- 6) Participation, program spend, and savings from customers on energy assistance
  - a. Forecasted Annual and Cycle
  - b. Actual Year to Date and Cycle to Date
- 7) Program budgets and spend
  - a. Forecasted Annual and Cycle Budget
  - b. Actual Year to Date and Cycle to Date Spend
- 8) Potential program modifications (filed along with 4<sup>th</sup> semi-annual within two-year evaluation report)
  - a. Proposed new programs
  - b. Proposed new budgets to administer new programs
  - c. Proposed new measure offerings and/or removal of measure offerings
  - d. Proposed budget changes to reflect new proposed measure mix

## **Two-Year Evaluation Report:**

As stated in the Order, Pepco will file a two-year evaluation report concurrently with its semi-annual report after the conclusion of program year 2 (4<sup>th</sup> semi-annual report). The report will be written by an independent evaluator that will be hired by Pepco. The two-year evaluation report will at a minimum include the following:

1. Review of methodologies that were used to evaluate portfolio and individual programs
2. Verification of gross savings claims by Pepco. Realization rates by program
  - a. At portfolio level
  - b. At program level
3. Verification of net savings claims by Pepco. Net-to-Gross ratios by program
  - a. At portfolio level
  - b. At program level
4. Cost-effectiveness evaluation at the portfolio level, with a focus on the societal cost test, the primary BCA for DC.
  - a. Review of BCA inputs that were used (will be consistent with those utilized by the SEU where applicable)
  - b. Cost-effectiveness screenings of individual programs
  - c. Tracking of “Other” cost-effectiveness tests, such as Total Resource Cost Test (TRC), Rate Impact Measurement (RIM test) and Utility Cost Test (UCT)
5. Modifications to programs within initial 3 Year Cycle (This part to be written by Pepco)

# Governance and Coordination of EEDR Programs in the District

## **DRAFT** Proposal to the EEDR Working Group – January 7, 2021

Effective coordination of energy efficiency and clean energy initiatives is key to achieving the District’s energy, economic and climate goals. Bold emission reduction targets and landmark policies, such as the Building Energy Performance Standards, establish the District as national leader. Achieving the District’s goals in the most affordable and efficient manner will require many institutions, public and private, working in tandem. While careful coordination can create synergies and accelerate positive change in the District, a lack of coordination can stymie progress, undermine previous investments, and increase costs unnecessarily. At stake are challenging energy burdens for many District residents, the ability of businesses to invest and prosper, and the potential to create a thriving market of clean energy jobs.

Consultation and coordination between the DC Sustainable Energy Utility and the distribution utilities is only one component—although a crucial one—in a larger landscape. This document provides a draft proposal for governance and coordination for the planning, design, and implementation of EEDR programs operated by the SEU and the distribution utilities. It begins by reviewing the legislative and regulatory language related to coordination and governance of EEDR programs. It then lays out a set of guiding principles for governance and coordination and proposes a governance process for both the program planning and implementation phases.

### **Legislative & Regulatory Context**

The Sustainable Energy Utility (SEU) is directed to provide energy efficiency programs to the District under Title 8, Chapter 17N (2008), as further governed by numerous subsequent orders of the Public Service Commission (“Commission”) and under contract with the Department of Energy & Environment (DOEE). The Clean Energy DC Omnibus Amendment Act of 2018 allowed an electric or gas distribution company (i.e. Pepco or Washington Gas & Light) to apply to the Commission to offer energy efficiency and demand reduction (EEDR) programs in the District.

The Clean Energy DC law includes a number of provisions related to coordination with the DCSEU. These provisions are summarized here, with emphasis added. The law allows the electric and gas company to submit an application to offer EEDR programs **“after consultation and coordination with the Department of Energy and the Environment and the District SEU and its advisory board.”** It requires that the proposed EEDR programs must be ones **“the company can demonstrate are not substantially similar to programs offered or in development by the SEU, unless the SEU supports such programs”** §8-1774.07(g)(4).

In order to approve such proposals, the Commission must find (among other criteria) that the proposed programs are **“unlikely to harm or diminish existing energy efficiency or demand response markets in which District businesses are operating”** §8-1774.07(g)(6).

The Act also created new Building Energy Performance Standards (BEPS) and gave the DOEE responsibility for setting criteria and other administrative functions. The law states: **“DOEE shall coordinate with the Sustainable Energy Utility... and the Green Finance Authority... to establish an**

**incentive and financial assistance program for qualifying building owners and affordable housing providers to meet building energy performance requirements.”**

On October 31, 2020, the Commission issued an order (No. 20654) laying out certain parameters for Pepco to develop EEDR programs, relying heavily on the recommendations of the EEDR Working Group in its January 20, 2020 Report. With regard to the governance of consultation and coordination, the order states:

- The Working Group recommends that the utilities: (1) **present their EEDR proposals to DOEE, DCSEU, and the SEU Advisory Board prior to filing an Application** with the Commission and (2) include the date of presentation of programs to DOEE, DCSEU, and SEU Advisory Board in the Application filed with the Commission. (Order, 37, emphasis added)
- The Report indicates that the Working Group recognizes that the CEDC Act requires the utility to show that any proposed programs are not “substantially similar to programs offered or in development by the SEU, unless the SEU supports such programs.” The Working Group suggests that the **most efficient way to meet this statutory requirement is for the utility to get an opinion from the DCSEU concerning the utility’s proposed program.** (Order, 38, emphasis added)
- The Commission finds, as the Final EEDR Report notes, that the principles to successful implementation of an EEDR program are that: (1) all obligated entities should have program goals that align with the District of Columbia’s energy and climate targets and goals; (2) the goals should be regularly and transparently reviewed and independently evaluated for future improvement; (3) **systems should be created for coordination or collaboration across obligated entities;** (4) there should be a feedback mechanism for staff, contractors, trade allies, and customers; (5) there should be transparent and clear rules for market participants; and (6) the participants should have the resources, authority, flexibility, training, and data required to deliver successful customer-facing programs. The foundational principles set forth above should be used when developing EEDR programs. (Order, 74, emphasis added)
- The Final EEDR Report notes ACEEE’s recommendations that the District agencies, the DCSEU, and the utilities should be responsible for areas where they have strengths in order to ensure the success of the programs. The Commission is in agreement with ACEEE and believes that some of the core responsibilities should be delegated to specific entities and we, therefore, adopt the recommendation that for administrative purposes, the: (1) workforce development should be handled by District agencies; (2) customer acquisition is to be handled by the utilities;<sup>1</sup> (3) retail product programs will be handled by the utilities;<sup>2</sup> and (4) multi-family and low-income customers to be handled in a **coordinated effort between the DCSEU and the utilities.** (Order, 82, emphasis added)

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<sup>1</sup> Note that “customer acquisition” is not defined in the Order. In its recommendations, ACEEE stated “Programs that require new customer acquisition are well-suited to be led by utilities, which can often do so at a lower cost due to established customer relationships,” however it noted that the SEU had multiple customer-facing programs with a focus in the C&I sector. (ACEEE Memo to EEDR Metrics Working Group, December 13, 2019. p. 10.)

<sup>2</sup> Without further explanation, it seems likely that item number 3 may be an error. ACEEE recommended that **“Retail product programs (midstream and upstream) are well-suited to be coordinated District-wide,”** and noted that if the SEU has developed relationships with these stakeholders, such as in its lighting program, **“the DCSEU and Pepco could coordinate such programs”** (ACEEE Memo, p. 10).

- As recommended, the Commission reconvenes the Working Group to consider a limited number of unresolved issues such as the **governance structure to coordinate the planning, delivery, reporting, and evaluation of EEDR programs administered by the utilities** including cost allocation and recovery, filing requirements, income verification, data sharing, and additional reporting requirements, if any, and the design and recommended list of EEDR PIMs. Therefore, the Commission grants the Working Group's request to reconvene. The Working Group shall reconvene and file a report within 180 days of the date of this Order addressing the aforementioned issues. Pepco should file its EEDR Programs and cost recovery proposals within 60 days after the filing of the Working Group Report. (Order, 92, emphasis added)

## Purpose of Governance Structure

States with leading energy efficiency programs that involve multiple program administrators, such as Massachusetts, Connecticut, New York, and Maryland, all have robust governance frameworks to guide program design and delivery, support program consistency and coordination, and support stakeholder engagement. To advance District law and Commission orders, an enhanced governance structure is now needed in the District to enable Pepco and Washington Gas to meet their obligations for consultation and coordination in an efficient and transparent manner.

A governance structure is needed during *program planning* to ensure that proposed programs are, at a minimum, not substantially similar to SEU programs and are unlikely to harm or diminish existing EEDR markets and businesses. (Beyond this minimum is the potential for true synergies and collaboration.) Because the law puts such a clear emphasis on coordination, consultation and avoiding duplication of SEU efforts, the utilities should be entitled to a clear process and criteria, so they know exactly what is required prior to any application to the Commission. Coordination is also required during *program delivery*, which likely requires a different format than that of program planning.

A good governance structure will be transparent, efficient, fair and predictable for all parties. It will give program administrators the tools they need to manage programs and increase impact in the District.

## Guiding Principles for Coordinated Programs

As stakeholders plan for new and expanded EEDR initiatives in the District, we suggest the following guiding principles to help maximize value for DC ratepayers and residents:

- 1) **Customers come first, especially vulnerable populations for whom energy affordability is critical.** Energy costs are always a concern for residents and businesses, but that is especially true in times of economic and social stress. New and expanded EEDR initiatives should seek to maximize long-term value for low-income and other vulnerable, hard-to-reach populations and communities.
- 2) **Each entity should have clear and transparent goals that align with the District's energy and climate goals.** Each obligated entity should have clear and transparently reviewed and coordinated targets that align with the District's targets, and new initiatives should not undermine entities' ability to achieve established goals and commitments.
- 3) **The District should leverage existing energy efficiency programs and trade ally networks, to avoid market confusion, avoid duplication, and take EEDR to scale.** Customers need simplicity and consistency from efficiency programs in order to overcome barriers and take action. Contractors can thrive and grow when they interact with clear and consistent programs in predictable ways. The District's existing foundation of program designs, trade allies, and customer relationships should be leveraged to avoid market confusion and administrative inefficiencies. EEDR initiatives should also

seek opportunities to scale up existing successful program offerings that may have been constrained by budgets, access to data, or other factors, to bring greater energy savings to more customers.

- 4) **Consultation should be meaningful with a goal of seeking consensus wherever possible.** Consultation should be fair and transparent to the parties involved. It is necessary to balance open sharing of program ideas with respecting intellectual property and proprietary business information.
- 5) **Coordination is an ongoing process, not a one-time event.** New and expanded programs should evolve and adapt, and achieving the objectives in law and Commission order requires ongoing attention and collaboration. Coordination should not be limited to bilateral cooperation between the SEU and distribution utilities.

### **Existing Advisory and Governing Entities**

Current EEDR programs and initiatives are already governed or advised by several entities. Any governance structure designed to enhance coordination with the existing SEU programs should work consistently with this framework. This includes:

- The **Public Service Commission**, which must approve utility activities;
- The **Department of Energy & Environment**, the contracted client of the SEU, charged with tracking and overseeing many key clean energy policies;
- The **SEU Advisory Board**, a multi-stakeholder board which makes recommendations to DOEE regarding SEU programs and performance; and
- The **Building Energy Performance Standards Task Force**, which makes recommendations to the DOEE regarding the Building Energy Performance Standards and related rules and policies.

### **Governance for Planning & Design Phase**

1. Each distribution utility will provide at least two formal presentations to the SEU describing its proposed programs, as follows:
  - a. The first presentation to the SEU shall be sufficiently in advance of any application to the Commission to allow for meaningful feedback from the SEU and ability of Pepco or Washington Gas to make fundamental changes should they be needed to meet statutory or regulatory requirements.
  - b. At least one subsequent presentation will be made to the SEU Advisory board.
  - c. The presentations will include all information—in draft form—needed to meet the filing requirements for the final proposal to the Commission (e.g. Portfolio Description, Governance/Coordination, Portfolio Metrics, Program Descriptions, Program Metrics)
2. In addition to the above presentations, the distribution utilities and the SEU will approach program design in a collaborative manner in order to maximize benefits to District energy users and markets, using iterative or informal communication as needed.
3. During these presentations and intermediate communications, the distribution utilities will consult with the SEU on:
  - a. The target markets for any proposed programs;

- b. How any existing SEU structures, program assets or data could be used to support the proposed programs;
  - c. How new program elements will take advantage of electric utility strengths and assets without adding administrative cost for ratepayers;
  - d. How new programs will increase EEDR impact without contributing to market confusion;
  - e. How new programs will impact the BEPS program and SEU's statutory obligations regarding BEPS; and
  - f. How costs and savings will be shared—and reported—for projects and markets that may be served by both Pepco and the SEU.
4. If either distribution utility intends to propose any programs that intersect with or support BEPS initiatives, the company will present at least once to the BEPS Task Force, sufficiently in advance of any filing to allow Task Force members to provide meaningful feedback. The BEPS Task Force should provide clear feedback to the distribution utilities and SEU about how the proposed programs can best accelerate the BEPS framework in an efficient and well-coordinated manner.
5. To the extent deemed helpful in designing a coordinated portfolio, the distribution utilities and/or the SEU will include consultation with other stakeholders, including but not limited to local experts<sup>3</sup> or individual members of the SEU Advisory Board. The SEU will be responsible for working with DOEE to ensure that its efforts with regard to coordinated programs are consistent with the SEU's contractual obligations.
6. For any presentation to the SEU Advisory Board, the distribution utilities will be responsible for demonstrating how programs advance the savings and other objectives required under the law or Commission order, including but not limited to how they are not substantially similar to SEU programs.
7. At or prior to any presentation to the SEU Advisory Board, the SEU will be responsible for providing the distribution utilities with specific, written opinions about whether proposed programs are substantially similar to programs in operation or under development, and whether proposed programs will harm existing EEDR market activities. These opinions will provide additional opportunity for the distribution utilities to meet their obligations for non-duplication.
8. The distribution utilities' Commission filings will detail specifics of consultation and/or coordination with the SEU, DOEE, the BEPS Task Force, and the DC SEU Advisory Board, including dates of formal meetings. If the SEU concludes, after the above consultation and coordination process, that the proposed programs are not substantially similar to its programs—or if they are, that it supports the design of those programs—and will not harm existing EEDR business activities and markets, it will communicate this conclusion to the Commission (and the SEU Advisory Board). In the event that one or both of the distribution utilities and the SEU are unable, after the above consultation process, to agree on whether the proposed programs meet any statutory and regulatory criteria, the SEU will communicate its views about the deficiencies

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<sup>3</sup> Examples include the American Council for an Energy Efficient Economy (ACEEE) and the Institute for Market Transformation (IMT).

and its proposed remedies to the Commission and the SEU Advisory Board. The distribution utility, it is filing will outline any non-consensus items with their rationale for inclusion in the portfolio.

## **Governance During Program Implementation**

1. The distribution utilities and the SEU will establish a small “EEDR Coordination Group” as a venue for ongoing coordination as programs are launched and operated, co-chaired by an individual from SEU and an individual from Pepco’s program implementation team.
2. The primary participants on the Coordination Group will be SEU program staff and program implementers for electric and/or gas utility programs. Key DOEE staff and/or select BEPS Task Force members should also help ensure coordinated programs fit within broader, long-term effort to meet District energy and climate objectives. The Coordination Group is not a public body, but a working collaboration between program administrators.
3. On an as-needed basis, the Coordination Group may include: senior managers and program staff at the SEU or either utility; key contractors or market participants.
4. The Coordination Group will be guided by the relevant principles set out by the Commission Order:
  - a. **There should be a feedback mechanism for staff, contractors, trade allies, and customers;**
  - b. **There should be transparent and clear rules for market participants;**
  - c. **Participants should have the resources, authority, flexibility, training, and data required to deliver successful customer-facing programs.**
5. If a significant program modification is proposed during implementation, it should be evaluated by the Coordination Group using the same criteria and principles as during design phase (e.g. not substantially similar to SEU programs without SEU’s support). The Group should work toward consensus and inform the SEU Advisory Board. Parties may petition the Commission if there are unreconcilable differences or if additional authorization is needed.
6. The Coordination Group will meet monthly during the first year of coordinated utility programs and at least quarterly thereafter.
7. The co-chairs of the Coordination Group will provide quarterly updates to the SEU Advisory Board regarding ongoing progress with coordination and issues being addressed during the first year of coordinated utility programs, and regular update presentations thereafter.

**Formal Case No. 1160: Eighth Energy Efficiency and  
Demand Response Metrics Working Group Work Plan**

**Jan 7<sup>th</sup> Meeting**

- Income Verification
- Matrix of minimum reporting requirements
- Governance Structure
- Evaluation of Programs
- Update on whether WGL/Pepco will complete a joint RFP for the Potential Study

**January 19<sup>th</sup> (Tentative) Meeting**

- Governance Structure
- Cost Recovery/Cost Allocation
- Performance Incentive Mechanisms (PIMs)

**February 8<sup>th</sup> (Tentative) Meeting**

- Discussion remaining items.

**February 22<sup>nd</sup> (Tentative) Meeting**

- Discussion remaining items.
- Potential Study RFP to be issued by late February.

**March 2021**

- Pepco Circulate first draft of Recommendation Report
- Followed by two weeks for comments from stakeholders

**April 2021**

- File Report to the Commission by April 28<sup>th</sup>