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April 27, 2021

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission
of the District of Columbia
1325 G Street N.W., Suite 800
Washington, DC 20005

Re: FC 1160

Dear Ms. Westbrook-Sedgwick:

Pursuant to paragraph 2 of Order No. 20654 issued on October 30, 2020 by the Public Service Commission of the District of Columbia attached please find the Energy Efficiency and Demand Response Working Group Report.

Please contact me if you have any questions. Thank you.

Sincerely,

/s/ *Dennis P. Jamouneau*

Dennis P. Jamouneau

Enclosure

cc: All Parties of Record

Energy Efficiency and Demand Response ("EEDR")
Metrics Working Group Report
Filing Deadline: April 27, 2021

I. Introduction

The Energy Efficiency and Demand Response ("EEDR") Metrics Working Group, pursuant to Section 201 (B) of the CleanEnergy DC Omnibus Amendment Act of 2018 ("CleanEnergy DC Act" or "Act"), was reconvened as stated in Order No. 20654 ("Order"), paragraph 92 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." Furthermore, the Order states, "[t]he Working Group shall reconvene and file a report within 180 days of the date of this Order addressing the aforementioned issues."

II. Working Group Process and Meetings

The Working Group was chaired by members of the Staff of the Public Service Commission of the District of Columbia ("Commission" or "Commission Staff," as appropriate), who also provided meeting agendas and guidance and operated through open dialogue with the participants. Present at the Working Group meetings were representatives from Potomac Electric Power Company ("Pepco"), Washington Gas Light Company ("WGL", and collectively with Pepco, "the Utilities"), the DC Sustainable Energy Utility ("DCSEU"), Commission Staff, the Office of the People's Counsel for the District of Columbia ("OPC"), the District Department of Energy and Environment ("DOEE"), the District of Columbia Office of the Attorney General ("OAG"), DC SEU Advisory Board ("SEUAB"), National Housing Trust ("NHT"), the Apartment and Office Building Association of Metropolitan Washington ("AOBA"), Sierra Club DC Chapter ("Sierra Club"), American Council for an Energy-Efficient Economy ("ACEEE"), Dynamic Energy Strategies on behalf of Willdan and Lime Energy, and Oracle Opower.

The Working Group reconvened, meeting on the following dates and for the following topics:

- **December 11, 2020**: The Working Group reviewed the remaining issues to be discussed per the Order and the Act and provided a roadmap to discuss the required topics and file the Working Group report by April 27, 2021 in order to meet the 180-day deadline. The key topics in this discussion included an overview of the coordination mandate, data sharing, income verification, and the Potential Study. In the Order, the Commission directed Pepco and WGL to issue a Requests for Proposal ("RFP") in order to assess the future potential of energy efficiency in the District as well as revisit the goals that were set by the Order for forthcoming planning cycles.

- **January 7, 2021**: DOEE presented on the DCSEU Income Verification requirements and data sharing proposal, including data sharing required for income verification as well as for other purposes. Pepco then presented a matrix of minimum reporting requirements, which was generally supported by WGL and OPC. The DC SEU presented a proposed governance structure at a high level, but discussion was postponed to the following meeting due to time constraints.
- **January 19, 2021**: The Working Group discussed a potential governance and coordination structure, including elements of pre-filing coordination as well as on-going coordination once Utility-administered program implementation has commenced. DC SEU elaborated further on their proposed structure, and Pepco introduced its proposed coordination structure document. ACEEE also discussed some of the complexities and best practices from other jurisdictions with multiple energy efficiency program implementers. The Working Group further discussed data-sharing opportunities, and Staff directed a subset of the parties to convene offline to provide recommended language for customer consent to data sharing for program applications. Finally, the Working Group discussed evaluation approaches, centering around a desire for a single evaluator for both Utility programs and the need for both impact and process evaluation. Staff further directed a subset of the parties, led by OPC, to discuss evaluation and another subset, led by DOEE, to provide a recommendation on Performance Incentive Mechanisms ("PIMs").
- **February 11, 2021**: DOEE reported out from the sub-group discussion on PIMs, in which the group decided unanimously not to recommend financial PIMs (penalties or rewards) in the first program cycle, citing complexity of implementation and the need for the completion of the Potential Study. Pepco shared its proposal for cost allocation, recommending that costs for all programs be allocated on a volumetric, per kWh, basis across all customer classes, excluding Residential Aid Discount ("RAD") customers. Staff noted that this approach has been used in other situations (*e.g.* Sustainable Energy Trust Fund ("SETF") charges), and DOEE expressed support. DOEE also raised the question of expanding the cap for RAD eligibility or at least working to expand enrollment of eligible customers in RAD. The parties agreed this discussion was better suited for Formal Case No. 1125. The parties further discussed the evaluation plan, including key parameters for impact and process evaluation, timing of evaluation, and percent of budget allocated to evaluation costs (3-5% nationwide average). DOEE elaborated on its minimum reporting requirements, and WGL and Pepco expressed some concern over reporting requirements that were not directly related to the purpose of the energy efficiency programs or would provide more burden than value for the issues at hand. Generally, the parties agreed to most of DOEE's recommendations, which are discussed in detail below.
- **February 25, 2021**: The Working Group reviewed where the parties stood on the outstanding issues. On income verification, Pepco and DOEE stated they would continue to meet on the topic, in particular to address verification of customers between 60% State Median Income ("SMI") and 120% of Area Median Income ("AMI"). On data sharing, a consensus item was reached that a waiver on the application to participate in an EEDR

program will be included to receive consent on the sharing of customer information. On minimum filing requirements, the Utilities and DOEE noted that they were quite close to reaching a consensus. On the issue of Pepco and SEU program coordination, both entities stated they would provide the coordination structure proposal in the body of this document. On the topic of PIMs, Staff reiterated that there was consensus to not initially include PIMs during the first cycle but to reconvene the Working Group in year 3 to address potentially adding them in the next cycle. The issue of evaluation was also addressed, and OPC reported that progress has been made on having a single evaluator for Pepco and WGL, but that the conversation is still ongoing. Lastly, the topic of cost recovery was discussed. OPC mentioned the topic was still ongoing, and Pepco reiterated its desire to have a single surcharge, exempting RAD customers, to minimize rate impacts on the residential class.

- OPC subsequently received more information from each utility on the customer impact of the surcharges on customer's bills. Based on the information provided to date, OPC does not contest socializing the costs via a single surcharge, however, OPC reserves the right to evaluate the reasonableness of the cost allocation proposal with respect to each utility's energy efficiency filing. Further, OPC recommends that the Commission should examine the cost allocation proposal with respect to the Utilities' final filed proposals to ensure that any surcharge assessed on customers is just and reasonable and equitable. Pepco provided the first draft of the Working Group report on March 26 and, in response to comments and questions, provided an updated draft report on April 13. The Working Group met on April 14 to review the draft report and Pepco provided a near-final report to the Working Group on April 19.

III. EEDR Working Group Non-Consensus Items

Below is a list of items where the Working Group reached some consensus; however, some stakeholders have raised concerns, which are detailed below.

- **Utility-DCSEU Coordination Structure**: The Utilities and the DCSEU reached a general consensus on the Utility-DCSEU coordination proposal provided in Appendix A and summarized below in this section, with the exception to one element that has been noted later in this report and in Appendix A. WGL objected to the inclusion of language regarding Building Energy Performance Standards ("BEPS") coordination, stating that BEPS coordination is not consistent with the contemplated coordination process, which is designed to ensure that the Utilities and the DCSEU coordinate efforts**.**
- **Data-Sharing:** The Working Group discussed how customer/participant consent language may be included in program applications. Customer consent would authorize the program implementer(s) (Pepco, DOEE, WGL, and/or the DCSEU) to share project information and other specific customer data for the purposes of cross-promotion, program coordination, and evaluation of coordinated programs. The non-consensus items for "data sharing" relates to the consent language, the extent of customer information that can be provided,

and the scope of use of that customer data. These non-consensus elements are discussed in detail later in this report.

- **Cost Recovery**: The utilities proposed recovering program costs using a volumetric surcharge applied uniformly to all customer classes excluding customers enrolled in the Pepco RAD or WGL RES programs, who would be exempted from the surcharge. AOBA does not support the "single surcharge" approach. OPC does not contest this approach but believes the Commission should review cost allocation in the context of the actual program proposals. OPC will provide its formal position in comments to each Utility's filing. DOEE and Sierra Club did not object to the general structure but withhold final judgment for the Utilities' portfolio filings.
- **Income Verification:** The DCSEU presented its proposal for income verification based on the system that it currently employs for income-eligible programs. Pepco and DOEE met on several occasions to discuss pathways for income verification. Pepco presented a multi-pronged approach for income verification, but no Working Group member fully supported the proposal. A summary of Pepco's proposal is provided below.

A. EEDR Coordination Structure

Both the Act and Order recognize the critical role of Utilities in meeting the aggressive climate and energy targets. All parties agree that sustained coordination between the Utilities and the DCSEU is a key component of the program design process and throughout program implementation. With respect to new programs, representation for Lime Energy, Willdan, and Franklin Energy noted that the Working Group has made no recommendation on which entity should implement which programs, but, rather, has focused on ensuring that the administering entities—in this case, the DC SEU and the Utilities—work in close coordination to develop and manage, collectively, a range of cost-effective and impactful energy efficiency offerings that support the District's policy goals and deliver energy and cost savings to D.C. residents and businesses. OPC stressed throughout the working group process that coordination is essential because ratepayers already fund the DCSEU programs and will be asked to fund the Utility programs for which the Utilities will be earning a return. The Utilities should not be duplicating efforts already in place.

The Order directed the Working Group to consider and discuss a "governance structure to coordinate the planning, delivery, reporting, and evaluation of EEDR programs administered by the Utilities."[1] As discussed at the April 14 Working Group meeting, Working Group members acknowledged some difference of opinion in what "Governance" meant, but generally understood the directive to include pre- and post-program coordination components. As such, the Working Group discussed program coordination and governance structures focusing governance and coordination prior to the Utilities filing their initial EEDR portfolios ("Pre-Filing Coordination") and ongoing coordination once the Utilities have commenced implementing their EEDR portfolios ("Post-Implementation Coordination").

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[1] Order at PP 2, 92.

Pre-Filing Coordination, at least among the Utilities and the DCSEU, is required by law and the Order, and the Working Group generally agreed to the proposed approach.

Post-Implementation Coordination is not required by law, and though the Working Group agreed it is critical to program implementation and stakeholder awareness, the Working Group did not reach consensus on the appropriate scope or structure for post-implementation coordination.

These two types of coordination are discussed below.

1. Pre- and Post-Coordination Guiding Principles

The Utilities and the DCSEU agreed to a coordination structure guidance document, provided as Appendix A[2], detailing the guiding principles and processes to facilitate the expansion of energy efficiency program offerings in a way that meets policy goals while maximizing benefits and minimizing confusion or other impacts to District of Columbia ratepayers. The Utilities and the DCSEU agreed that this document is intended to be a living document – coordination approaches will likely evolve as program implementation progresses and lessons are learned – within the framework of the following guiding principles:

a. Any agreement on coordination for the delivery of energy efficiency products and services should ultimately benefit all DC customers, especially vulnerable populations for whom energy affordability is critical. New and expanded EEDR initiatives should seek to maximize long-term value for low-income and other vulnerable, hard-to-reach populations and communities.
b. Each entity should have clear and transparent goals that align with the District's energy and climate goals. Pepco, WGL, and the DCSEU should ensure that coordination does not place an undue burden on each other's attainment of their goals and obligations to the District.
c. Coordinated program administration should minimize customer and contractor confusion whenever possible. The Utilities should leverage existing customer relationships, energy efficiency programs, and trade ally networks and other existing resources to avoid market confusion, avoid duplication, and take EEDR to scale. EEDR initiatives should also seek opportunities to scale up existing successful program offerings that may have been constrained by budgets, access to data, eligibility requirements, or other factors, to bring greater energy savings to more customers.
d. 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.
e. Coordination is an ongoing process, not a one-time event, but should not be onerous or inflexible. New and expanded programs should evolve and adapt and so should structures of coordination. Informal and ongoing coordination and collaboration with other relevant stakeholders is welcome and encouraged.

[2] With the exception noted in section III.A.2.a.

f. Pepco, DOEE, WGL and the DCSEU will approach program design in a collaborative manner to maximize benefits to District energy users and markets. The Act allows for Pepco or WGL to offer programs that enhance existing DCSEU and DOEE programs in a given market, and the Act also requires that the proposed EEDR programs, after consultation and coordination with DOEE and the SEU and its Advisory Board, be ones "that the company can demonstrate are not substantially similar to programs offered or in development by the SEU, unless the SEU supports such programs." Developing programs to complement existing efforts in a single market requires good-faith cooperation in both design and implementation from all parties.

2. Pre-Filing Coordination – Consensus Item

The Utilities and the DCSEU agreed to several key steps, including meetings outside of the Working Group that had already commenced prior to the agreement of this coordination document.

Consistent with direction from the Act and the Order, the target for the end of the program design coordination process is a full presentation by each Utility of its EEDR proposal to DOEE, the DCSEU and the SEUAB, followed by a written statement from those parties attesting that the proposed programs are not substantially similar to existing or planned DCSEU programs, unless the DCSEU supports them.[3] A copy of the written statement will be provided to the Utility in a timely manner and in advance of the Utility's date for filing its EEDR proposal to the Commission. The goal is to reach resolution on the core design questions through meetings leading up to a presentation. OPC's position is that a statement from the DCSEU that a Pepco or WGL program is not substantially similar to existing or planned DCSEU programs should not be read as support of that program unless the DCSEU explicitly states such support.

Throughout the Pre-Filing Coordination process, and as permitted by law, the Utilities, DOEE, and the DCSEU will exchange information, draft proposals and feedback on:

- Target markets for any proposed programs;
- How any existing DCSEU and DOEE structures, program assets, or data could be leveraged to support the proposed programs;
- How new program elements will take advantage of Utility strengths and assets and minimize, to the extent possible, expenditures of similar administrative costs;
- How new programs will increase EEDR impact without contributing to market confusion;

Finally, the Utilities' EEDR plan filings will detail the specifics of the consultation and coordination with the DCSEU, DOEE, the SEUAB, and any other relevant District stakeholders, as mutually agreed. In the event that one or both of the Utilities and the DCSEU are unable, after the above consultation process, to agree on whether the proposed programs are substantially similar existing or planned DCSEU programs, the DCSEU will communicate its views about the substantial similarities and its proposed remedies to the Commission, the Utilities, and the SEUAB. The Utilities will communicate their respective responses to the Commission, the DCSEU and the SEUAB. To minimize areas of non-agreement prior to the Utilities' filings, the

[3] Order No. 20654 at P 37.

DCSEU will provide the Utilities with the proposed remedies in sufficient time in advance of the Utilities' filings, allowing the Utilities the opportunity to integrate such remedies that they support. Each Utility, in its filing, will outline any non-consensus items, including its rationale for inclusion of the item in the portfolio and how it complies with the Act.

3. Post-Implementation Coordination and Governance – Non-Consensus Item

Several Working Group members, including DOEE, DCSEU, and ACEEE, advocated for establishing a formal governance structure to support the implementation of EEDR programs across multiple program administrators (Utilities, DCSEU, DOEE). According to ACEEE, states with multiple program administrators, such as Massachusetts, Connecticut, New York, and Maryland, have governance frameworks to facilitate the planning and implementation of energy efficiency programs.[4] According to these participants, creating an EEDR governance framework for the District would help guide program design and delivery, support program consistency and coordination, support stakeholder engagement, and resolve coordination challenges as they arise.[5] They further advanced that such a governance body would provide a mechanism to respond to emerging program implementation issues, identify opportunities for enhanced coordination, and promote working relationships between stakeholders. These participants assert that governance is especially important during the initial EEDR program cycle as parties acclimate to the new challenges of a hybrid model for program delivery.

OPC agrees that it would be helpful to create a framework for continued oversight by which stakeholders could stay engaged in the process and could address implementation and coordination issues that may arise during the post-implementation phase. However, it was clear to OPC from that working group discussions that there was no consensus on the meaning of the term "governance." OPC does not believe a separate governing board is needed, but if one is created, the PSC should detail the board's role and authority and OPC should be a member.

Pepco and WGL do not support the creation of a formal EEDR governance board, which would duplicate the governance and oversight authority of the Commission and its Staff and is not required by law. In Pepco's view, an additional formal board structure would likely create role and authority confusion. It could also cause a significant administrative burden that would increase costs and impede efficient program implementation.

In Maryland, in which Pepco, WGL, and the Maryland Department of Housing and Community Development currently administer energy efficiency programs concurrently and with overlapping territory, the Maryland Public Service Commission serves as the overarching governance body, holding semi-annual legislative style hearings to discuss performance and potential programmatic changes, convening Working Groups to discuss issues as they arise, and issuing directives as needed to guide program administration for the Utilities and the Maryland Department of Housing and Community Development, who administers the limited income programs for the state.

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[4] SEE Action. *Energy Efficiency Collaboratives: Driving Ratepayer-Funded Efficiency through Regulatory Policies Working Group.* September 2015.

[5] The DCSEU provided further recommendations for the governance structure as Attachment No. 6 to the Working Group's January 7, 2021 meeting.

Pepco recommends a similar structure for DC: where the Utilities will convene a Working Group of interested stakeholders on a semi-annual basis—and following the proposed semi-annual reporting—to present the findings of its semi-annual report and to provide a forum for discussion of new opportunities and addressing any implementation issues that may from time to time arise. All stakeholders could join and participate in this Working Group process. This formal or informal—depending on Commission guidance—structure would supplement the agreed-to coordination document, which has components that involve Post-Implementation Coordination. WGL supports this recommendation.

Specifically, the coordination document (Appendix A) agreed upon by the DCSEU, DOEE, and the Utilities articulates steps to facilitate direct coordination between those program administrators once a Utility's programs have been approved by the Commission and program implementation commences. These steps include:

- The Utilities and the DCSEU agree to regular meetings to ensure coordination as programs are launched. These meetings will be primarily between DCSEU and Utilities, though other parties such as key DOEE staff or others may also be included, as mutually agreed, to ensure alignment with the city's broader long-term energy and climate goals. Pepco and/or WGL and the DCSEU will meet monthly during the first year of coordinated Utility programs and thereafter will set meeting schedules based on ongoing needs as determined mutually. The DCSEU will provide updates to the SEUAB regarding ongoing coordination and issues being addressed, which could be quarterly during the first year of coordinated Utility programs and annually thereafter.
- Additionally, the parties agree that to ensure minimum confusion to District businesses and customers, there should be an established feedback mechanism for Staff, contractors, trade allies, and customers as well as transparent and clear rules for market participants. Finally, all program implementers should be equipped with the resources, authority, flexibility, and information required to deliver successful customer facing programs.
- Should a Utility propose a significant program modification, the same criteria and guiding principles outlined above for use during the design phase would apply, but the participants may petition the Commission if there are irreconcilable differences. Though not required by law, the DCSEU similarly agrees to make a good faith effort to coordinate with the Utilities on any substantial program modifications of its offerings to avoid market confusion or other implementation complexity that such a unilateral program shift could create.
- If a significant program modification is proposed during implementation (*e.g.* after Commission approval of the EEDR plan), it should be evaluated using the same criteria and principles as during the design phase (*e.g.* not substantially similar to DCSEU programs without DCSEU's support). Pepco and/or WGL, DOEE and the DCSEU should work toward consensus. Parties may petition the Commission if there are irreconcilable differences or if additional approval or direction is needed.

B. Data Sharing

The Working Group spent considerable time evaluating the data sharing opportunities to facilitate an efficient and coordinated implementation of EEDR programs in the District. DOEE proposed data sharing arrangements for several types of data, including program participation data, energy consumption data, and income verification data. Data sharing between the Utilities, the DCSEU, and DOEE may be necessary to facilitate Evaluation, Measurement, & Verification ("EM&V") and income verification and to avoid duplication of incented measures or the double counting of program savings. Data sharing also creates opportunities to improve program marketing and recruitment. The Working Group members acknowledged that there are legal and regulatory limitations regarding the type of customer information that can be shared and the purposes for which it can be shared, especially for personally identifiable information ("PII") or other customer data. The Working Group could not agree whether consent should be required in order to participate in a program. Additionally, there was broad consensus that aggregated consumption data (i.e., aggregated to no fewer than five customers where no single customer represents over 80% of load) could be shared in accordance with DC Code § 34-1507.

Position of the Utilities:

Pepco and WGL have reservations about the scope of requiring and using customer information. Importantly, the Utilities believe that customer consent should be required only for those programs where there is potential based on overlap of target market and measures or services provided at the time of customer participation. Additionally, the data usage should be used only for activities specifically required for program coordination, evaluation, or income verification. As part of this discussion on data sharing, WGL and Pepco both affirmed that sharing of PII with external parties without explicit customer consent is restricted by statute and regulations.[6] Furthermore, Pepco and WGL have reservations about the scope with which PII is used for program marketing and recruitment. Expanding consent to allow use of customer PII beyond program coordination, evaluation, or income verification introduces ambiguity as to how the data will be used and could result in unintended harm to customers.

Position of Sierra Club:

Sierra Club advocated a broader discussion about how data sharing could advance the District's energy-savings goals to include possible changes to statute and PSC regulations restricting the use of customer data. Without consensus to engage in a broader discussion, the Working Group limited its discussion of data sharing to ideas permitted under existing statute and regulations.

Position of DOEE:

DOEE outlined several areas where it believed data sharing is needed:

- Project Identification and Implementation Coordination (including marketing and recruitment)

[6] *See* D.C. Code Section 34-1507 and 15 D.C.M.R. Section 308.3.

- Coordination between Utilities, the DCSEU, and DOEE to avoid incenting the same measure twice or double counting savings from the same project
- Program marketing and recruitment
- Income Verification
- Evaluation, Measurement, and Verification.

Data Sharing Process – Consent Language

The Working Group agreed that, as appropriate, language should be included as part of a customer's application to participate in a Utility EEDR program and further agreed that consent may be attained to participate. A subset of Working Group participants met separately to work on common language to be used by all program implementers offering Energy Efficiency programs in the District.

It is the position of the Utilities that, where consent is required, customer applications should state the following:

> *Your signature below indicates your agreement to [Pepco/WGL] to allow sharing of your name, address, Utility account number, date of participation, incentive measures, income data (if provided and if applicable) and [electric/gas] usage data with the District Department of Energy and Environment and its contractor, the Sustainable Energy Utility. Such data sharing shall be only for the purpose of evaluating opportunities to participate in other energy-saving programs and to determine the overall effectiveness of [Pepco's/WGL's] programs. By signing below, you are indicating that you consent to your data or information to be shared.*

DOEE considers the proposed language is incomplete regarding the type of data shared and the purposes for data sharing. DOEE supports a more expansive approach to data sharing, including the exchange of data for account information, program participation data, and other data for uses including, but not limited to, coordinating program implementation, marketing relevant EEDR products and services, evaluating the performance of EEDR programs, and income verification. DOEE and the Sierra Club support language to be added to the customer consent statement that explicitly allows data sharing for these purposes.

Sierra Club is concerned that the proposed language would set a premature precedent that would hamper future discussions about data sharing, much like existing statute and regulations have done, and limit the potential future uses of this data. Sierra Club notes that the language in the application would not obligate the Utilities to actually share all types of data with DOEE or the DCSEU without an agreement between the parties or an order from the Commission. Sierra Club suggests that the data sharing consent be worded as broadly as legally permissible (including all data types and uses being requested by DOEE and DCSEU) so as to not restrict future discussions on and opportunities for data sharing that could yield real program benefits and energy savings.

At this time OPC believes that a customer consent to data sharing should not be a requirement to participate in the programs. However, OPC encourages the Commission to review this issue in future compliance filings to ensure that the Utilities continue to coordinate effectively with

DCSEU on ratepayer funded EE programs and that data-sharing policies do not create an impediment to promoting the implementation of equitable and cost-effective programs in the District.

C. Cost Allocation and Recovery

Order No. 20654 directed the Utilities to establish a cost-recovery mechanism that amortizes program costs over seven years using the Utilities' most recently filed Weighted Average Cost of Capital ("WACC"). The Order directed the Working Group to further consider the allocation of program costs – namely, should costs for all programs be allocated across all District customers or should costs for residential programs be restricted to residential customers and commercial program costs be restricted to commercial customers.

At the February 11 meeting, Pepco proposed that EEDR program costs be recovered using a volumetric surcharge (dollars per kWh) applied uniformly across all customer classes. Participants in Pepco's Residential Aid Discount ("RAD") Program or WGL's RES Program should be excluded from paying the surcharge. The Pepco proposal cites two primary reasons:

1. The policy goals are District-wide, and the benefits accrued by reduced energy consumption are not restricted to the direct beneficiary or customer class. For example, the avoided transmission and distribution costs, avoided social cost of carbon and other greenhouse gas emissions, and demand reduction-induced price effects are benefits enjoyed by all customers and are included in the cost-benefit analysis of a given project as such.
2. Because the Order required the Utilities to spend at least 30% of the total budget for Low-Moderate-Income ("LMI") customers[7] and because the Working Group and commission previously established that RAD customers would not pay into the surcharge, residential customers would be disproportionately burdened if costs were assigned by class. The statute specified that the Utility programs should primarily benefit limited- and moderate-income customers to the extent possible.[8] Rather than increasing the burden to moderate income customers, allocating costs across all customer classes furthers this mandate.

The Working Group discussed extending the EEDR surcharge exemption to customers that meet the definition of Low Income established in Order No. 20654 (0%-80% AMI) but are not eligible for RAD (0%-60% SMI). The Working Group determined addressing the surcharge exemption for the 60% SMI to 80% AMI customers would be more appropriately addressed through other proceedings.

For its part and similar to the Pepco proposal, WGL supports this proposal with costs based on therms consumed and not differentiated by customer class, exempting Residential Essential Service (RES) customers.

Staff discussed that a "single surcharge" approach has been used in the past, noting previous clean energy surcharges, such as the Sustainable Energy Trust Fund (SETF). AOBA does not support

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[7] Order at PP 90, 98.
[8] Clean Energy DC Omnibus Amendment Act of 2018, D.C. Law 22-257, Section 201(g)(5).

the "single surcharge" approach. OPC does not contest the approach, but believes that the Commission should review cost-allocation on a case-by-case basis in light of each Utility's specific portfolio offering. OPC reserves its formal position on the issue, and will further explain its position in comments to Utilities' filings. Likewise, DOEE supports the cost allocation approach proposed by Pepco and WGL but reserves judgement on the specific cost allocation methodology until further details are provided in the Utilities' EEDR plan filings. Sierra Club did not object to the general structure but withhold final judgment for the Utilities' portfolio filings.

D. Income Verification

The DCSEU presented its income verification requirements at the January 7 Working Group meeting. Pepco and DOEE met separately to discuss income verification specifically on several occasions.

DOEE suggested that for programs that overlap substantially with DCSEU offerings, income qualification requirements should be aligned to ensure fairness and minimize confusion in the market. Pepco agreed, with the exception of LMI multi-family buildings, noting that if the Utilities can service buildings not eligible by DCSEU requirements, this fundamentally expands market participation.

Pepco proposed aligning the verification level of effort with the relative additional benefits received by the customer over the existing market rate programs administered by the DCSEU. For example, for weatherization programs or HVAC where customer incentives are often several thousand dollars, Pepco would align income verification requirements and processes with existing processes for receiving energy assistance or other current income-qualified programs offered by the DC city government. For programs where benefits are not significantly different than market-rate programs, Pepco proposes using a statistical estimation methodology described below. Pepco also proposes including an optional field on program applications for customers to self-identify income level, and Pepco will do future analysis to determine if self-identification is a potential long-term option based on first cycle performance.

OPC believes that the same measures employed by DOEE for income verification in the District should be utilized for the Utility programs. Because District ratepayers are being asked to pay for additional EE programs that they are already being charged for via the SETF, there needs to be a verification system to track who is receiving rebates based on being classified as low income. OPC believes we do not need to reinvent the process.

As the Utilities have not finalized their program portfolios at the time of this report, the Utilities will indicate the specific income verification requirements and methodologies proposed for each program in the portfolio proposal to the Commission.

Pepco provided the following guidance structure, proposing a three-tiered approach to track the LMI spend and energy savings of the EEDR program.

1. **Residential LMI Spend Tracking:** For residential programs that are available to all customers or programs with enhanced incentives/features for LMI customers not worth over $200 more than standard incentives per project, the Utilities will employ methods of

calculating LMI spend without explicitly verifying income for each project/rebate. This allows Pepco to quantify LMI spend without excessive administrative barriers to the customer or the Utility. For the programs within the portfolio open to all customers, Pepco recommends statistical methods to calculate spend going to LMI customers. Where it is possible that measures can be traced to an address of a customer using licensed demographic or Census tract data, such data can be used to calculate the LMI spend based on the percentage of residents falling under the LMI customer incomes. Such an approach would utilize statistical analysis from survey data. The source of data is from Acxiom. The output of the data would show the income range of a particular customer as it relates to the AMI scale. Example: Customer X is between 80% and 90% of AMI, so their participation in program Y will classify as LMI. If customer X is not receiving substantial enhanced rebates or participating in a program meant specifically for low-moderate income. Where such data is not available, high level, but defensible, assumptions can be made about the breakdown of customer groups benefitting from each program and the LMI spend can therefore be reasonably quantified.

2. **Residential LMI Verification:** For residential programs under which only LMI customers are eligible and the rebate to the customer is significantly higher than would be to all other customers through parallel programs, income verification will be done for each project and align very closely with the DCSEU income verification requirements.
3. **Commercial LMI Spend Tracking:** Commercial and Industrial programs can provide both direct and indirect benefits to LMI customers. Although there are several industry-accepted protocols for qualifying businesses as benefitting the LMI community, Pepco proposes that for these programs initially, Commercial program spend will be qualified as LMI based on the location of the participating businesses, services provided by the business, micro-enterprises owned by an LMI customer, or where percentage of employees meet the LMI criteria as defined.

WGL generally agrees with the approach as described in items one (1) through three (3) above. This is a non-consensus item.

IV. EEDR Metric Working Group Consensus Items

While the Working Group did not reach consensus on all issues addressed, the Working Group did achieve consensus on recommendations on items within the following key areas:

- **PIMs:** The Working Group unanimously recommends that no financial PIMs be applied to Utility programs for the first program cycle, and the EEDR Stakeholders Group will be reconvened after the first two years of program implementation to reconsider PIMS along with goals and metrics.
- **Minimum Filing Requirements**: The Working Group unanimously agreed to the Utilities' minimum filing requirements for its initial three-year cycle filing, semi-annual program reporting, as well as the two-year evaluation report.
- **Program Evaluation**: The Working Group unanimously recommends evaluation of Utility programs use consistent inputs and methodologies and, to the extent possible,

pursue a common evaluator for both Pepco and WGL. The Working Group also recommends the requirements for both impact and process evaluations and the formation of an EM&V work group.

A. Performance Incentive Mechanisms ("PIMs") – Consensus Item

Staff requested that a subset of Working Group members meet separately to provide a recommendation to the Working Group on PIMs. DOEE, OPC, WGL, and Pepco met on January 28, 2021 and unanimously agreed that neither Pepco nor WGL should include financial PIMs in the first program cycle. The stakeholders came to this consensus for various reasons. For example, Pepco explained that the program goals are ambitious, and the forthcoming Potential Study would provide needed information regarding the state of its ability to meet specified energy and demand targets. OPC further stated that at this juncture they could not support any PIM that included a financial reward, expanding further to note that the purpose of a PIM is to incentivize a new or different behavior. Because the Utilities are voluntarily proposing the EE programs, and will earn a return on their investment for any energy efficiency programs that are approved by the Commission, there is no need for an additional incentive.

Moreover, due to the complexities of implementing new programs in the District with yet unquantified savings potential, incorporating financial PIMs would not serve the interest of the ratepayers in the initial program cycle. WGL also noted that any future PIMS should be based on performance targets informed by the experience in the first EEDR program cycle and the EEDR potential study. Further, PIMs should be designed to maximize net benefits for customers. The parties agreed that following the year 2 evaluation report, the Working Group should reconvene to discuss program goals and, at that point, consider establishing PIMs informed by the Utilities' potential studies, initial program performance, and future cycle goals for energy savings, peak demand reduction, and LMI programs. In addition, the Working Group notes that the program energy goals and various quantitative data that will be reported will be de facto measurements on which to assess Utility performance.

B. Minimum Filing Requirements – Consensus Recommendation

At the January 7, 2021 Working Group meeting, Pepco provided an outline of proposed minimum filing requirements for both the initial plan filing as well as subsequent semi-annual filings. This outline expanded upon the requirements detailed in Order No. 20654. Subsequently, DOEE provided proposed revisions to the document, which were reviewed and discussed at the following meeting on February 11. Most of the items were deemed acceptable to the Working Group, including Pepco and WGL, while a few items were deemed unnecessarily burdensome or materially irrelevant to the purpose of the programs. Later, DOEE and the Utilities were able to reach consensus.

The document attached as Appendix B was accepted as a consensus recommendation. Per Working Group Consensus, and upon Commission approval, the Utilities will provide the following as part of their initial three-year plan filing:

1. *Detailed Portfolio Overview*: The Utility will articulate how the proposed portfolio will meet the Commission-approved goals, providing descriptions of the proposed programs for residential, commercial, and low- and moderate-income sub-portfolios.
2. *Governance, Coordination, and Cost-Recovery*: The Utility will detail how the Working Group final recommendations were incorporated by the Utilities in their filings, detail the specifics of coordination agreements between the DCSEU and the Utility, and provide high level budgets and the Utility's proposal for cost recovery.
3. *Portfolio-Level Forecasted Metric*s: The Utility will provide a forecast of annual incremental savings (first year savings and incremental lifetime savings), projected budgets by cost category (incentives, marketing, outside services, utility administration costs, and evaluation costs), costs attributed to low-moderate income customer participation, and forecasted cost effectiveness test for the portfolio.
4. *Proposed Program Descriptions*: The Utility will provide a description of programs, including targeted customers, potential eligible measures, administration and coordination approach, and limited income verification methodology where appropriate.
5. *Program-Level Forecasted Metrics*: The Utility will forecast energy and demand savings, participants, program costs broken out by cost category, and cost-effectiveness for each individual program.

The Utilities also agreed to align semi-annual filings with the metrics outlined in Order No. 20654, specifically providing annual and program-cycle-to-date participation, energy, and demand savings with energy savings reported as both first year savings and lifetime energy savings.[9] Along with the aforementioned quantitative metrics, in the semi-annual filings, the Utilities will also provide a qualitative narrative highlighting key portfolio and program benchmarks, addressing any shortcomings in meeting regulatory requirements, and any potential program modifications as necessary.

Finally, the Utilities agreed to provide an evaluation report following program year 2, detailing the program performance and cost-effectiveness for the first two years of program implementation. The details of the evaluation approach are covered in Section III, subsection G of this Working Group report. The Working Group agreed that the semi-annual reports would be due 45 days following the first six months of program implementation and semi-annual reports every six months following the first such report. In addition, the evaluation report would be provided 180 days following the end of program year 2. For example, if the Commission were to approve a Utility's plan effective January 1, 2022, the following would be filing dates for the required reports:

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[9] *First-year savings,* sometimes called "incremental annual savings," represent savings from equipment installed or activities conducted in a given program or reporting year. They are the difference between the energy use of the measure in that year and the energy use of the measure they are replacing (i.e., the baseline). First-year savings do not include savings from measures installed in earlier years that are still in place. *Lifetime savings* are a measure of the savings produced over the duration of a measure or activity. Lifetime savings are commonly calculated as the first-year savings times the measure life (in years) but are more accurately characterized as the total energy saved while the measure is in operation, which may vary over time due to changes in either the measure or the baseline against which the measure is compared.

- First Semi-annual report: August 15, 2022
- Annual report: February 15, 2023
- Evaluation report: June 30, 2024

C. Program Evaluation – Consensus Item

Staff directed OPC to work with Pepco and WGL to develop a proposal for Program Evaluation. First, the Utilities agreed to work closely with OPC to develop the RFP for the EE program evaluator for the initial three-year cycle. The Utilities intend to pursue a common evaluator for both Utilities, if feasible, assuming logistical issues due to differing implementation timelines can be resolved; however, WGL does not support a joint RFP process for the selection of an evaluator for both electric and natural gas EEDR programs due to differing implementation timelines and internal policies and requirements for vendor selection. Pepco acknowledged WGL's concerns over issuing a joint RFP for an evaluator and affirmed it is Pepco's intention to issue an RFP for its own evaluator first as Pepco will begin implementation prior to WGL. Though an evaluator RFP likely will not be issued until the Commission authorizes the Utility's programs, as this requires a comprehensive view of program activities, the Utilities agreed with OPC that a draft statement of work for the RFP could be provided as an appendix to each Utility's proposed portfolio filing. The DCSEU will continue to use its own evaluator through the initial EEDR program cycle.

Evaluation Requirements

Once an evaluator is selected, each Utility will work closely with the hired contractor to craft a detailed plan of proposed evaluation activities over the course of the cycle.[10] This plan will lay out methodologies to be utilized by the evaluator and a timeline of milestones the evaluator will need to complete for the Utility to meet the reporting requirements laid out in the Order. In the plan, the Utility's evaluator will define a path to coordinated evaluation efforts with the evaluator of the DCSEU for coordinated Utility/SEU programs in accordance with the data sharing guidelines agreed upon by the Working Group. Pepco's proposed timeline for evaluation activities is included in Appendix C of this report.

The Utilities' evaluator(s) will complete both impact and process evaluations, with impact evaluations occurring annually while process evaluations will be conducted after program year 2. The evaluator will be expected to perform full impact evaluations in addition to reviewing methodologies used to evaluate portfolio and program performance. The evaluator will verify gross savings claims by the Utilities (including calculation of realization rates for each program), verify net savings (including calculation of net-to-gross ratios for each program at least once per cycle), calculate cost-effectiveness at the portfolio level for evaluation and at the program level for tracking, and review Benefit/Cost Analysis ("BCA") inputs used.

For process evaluation, the evaluator will review how the procedures associated with the program design and implementation are performing from both the administrator's and the participants'

[10] In this case the "cycle" would be the three-year plan.

perspectives. The evaluator will utilize data from the process evaluation and the impact evaluation to provide independent recommendations for improvements to program design and implementation.

Evaluation Working Group

In addition to the selection of the evaluator, Pepco advocated for,, the creation of an Evaluation, Measurement, and Verification ("EM&V") Working Group to be formed after program approval, citing best practices from around the industry. ACEEE, OPC, WGL, and DOEE support the formation of this type of working group. Furthermore, given the difficulties of hiring a sole evaluator across all program administrators as laid out above, Pepco believes the formation of an EM&V Working Group would help alleviate the concerns some stakeholders raised over not having a single citywide evaluator. The EM&V Working Group would discuss ongoing and future evaluation issues that will be open to all program administrators, evaluators, Staff, OPC, and other essential stakeholders. The preferred approach would be the EM&V Working Group would be led by a Staff-hired contractor, an individual(s) highly knowledgeable in EE evaluations who is not currently an employee or contractor of Pepco, WGL, DOEE, or the DCSEU. This Working Group would add value by advising program administrators about ongoing changes to BCA assumptions, Technical Resource Manual ("TRM") updates, deemed savings values, measure baselines, and other critical EM&V issues that may persist throughout initial program cycle and beyond. This will further enhance program coordination and ensure maximum benefit to District customers.

VI APPENDICES:

Appendix A: Coordination of EEDR Programs in the District

Legislative & Regulatory Context

The Sustainable Energy Utility (SEU) is directed to provide energy efficiency programs to the District under Title 8, Chapter 17N (2008) 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 Company (WGL)) 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. 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 the Utilities to develop EEDR programs, relying heavily on the recommendations of the EEDR Working Group in its January 20, 2020 Report. Regarding 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)
- 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)

Guiding Principles for Coordinated Programs

1) Any agreement on coordination for the delivery of energy efficiency products and services should ultimately benefit all DC customers, especially vulnerable populations for whom energy affordability is critical. 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. Pepco, WGL and the SEU should ensure that coordination does not place an undue burden on each other's attainment of their goals and obligations to the District.
3) Coordinated program administration should minimize customer and contractor confusion whenever possible. The District should leverage existing customer relationships, energy efficiency programs, and trade ally networks and other existing resources to avoid market confusion, avoid duplication, and take EEDR to scale. 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, but should not be onerous or inflexible. New and expanded programs should evolve and adapt, and so should structures of coordination. Coordination should not be limited to bilateral cooperation between the SEU and distribution Utilities, if mutually agreed by the Utilities and the SEU.

6) That programs where the target customer is in a multi-family dwelling or qualifies as low-income will be handed in a coordinated effort by the Utility, SEU, and other stated DC entities, as mutually agreed, in accordance with paragraph 82 in the Order and other programs will be handled in a coordinated way where the program administrators find advantageous to advance EEDR objectives and these principles.
7) Pepco, WGL and the SEU will approach program design in a collaborative manner in order to maximize benefits to District energy users and markets. There is potential—and the law allows, with SEU consent—for Pepco or WGL to offer programs that enhance existing SEU programs in a given market. Developing programs to complement existing efforts in a single market requires greater cooperation in both design and implementation.

Coordination for Planning & Design Phase

1. Meetings outside the Working Group have started between Pepco, DOEE and their contractor the SEU to begin coordination efforts. The continuation of regular meetings is essential to ensure coordination is sustained throughout the program design process for Pepco or WGL.

2. The target for the end of the program design coordination process is a full presentation by Pepco or WGL of its EEDR proposal to the SEU and SEU Advisory Board, and a written statement from the those parties attesting that the proposed programs are not substantially similar to existing or planned SEU programs, unless the SEU has agreed to them, and the programs are unlikely to harm existing EE markets. The parties do not expect to treat this presentation and written response as a mere formality; however, the clear *goal* is to reach resolution on the core design questions through meetings leading up to a presentation.

3. Coordination efforts will meet three different objectives; 1) ensure that Pepco or WGL's initial EEDR filing will not have unapproved overlap with offerings from the SEU, 2) to ensure that administering of programs for the benefit of multi-family and low-income customers will be handled in coordination with the SEU and Pepco or WGL per paragraph 82, and 3) to identify and collaborate on opportunities to better serve markets.

4. Throughout the coordination process, and as permitted by law and subject to any claims of confidentiality, the Utilities and SEU/DOEE will exchange information, draft proposals and feedback on:
    a. The target markets for any proposed programs;
    b. How any existing SEU structures, program assets or data could be leveraged to support the proposed programs;
    c. How new program elements will take advantage of electric or natural gas Utility strengths and assets and minimize, to the extent possible and efficiently, expenditures of similar administrative costs;
    d. How new programs will increase EEDR impact without contributing to market confusion;
    e. How costs and savings will be shared—and reported—for projects and markets that may be served by both the Utility and the SEU.

5. The distribution Utilities' EEDR filings with the Commission will detail specifics of consultation and/or coordination with the SEU, DOEE, and the DC SEU Advisory Board, as appropriate 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 are unlikely to 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 and its proposed remedies to the Commission, the Utility and the SEU Advisory Board in a timely manner. The distribution Utility, in its filing, will outline any non-consensus items with their rationale for inclusion in the portfolio, provided the SEU communicates its views in writing to the Utility sufficiently in advance of the filing of the Utility's EEDR program application.

Coordination During Program Implementation

1. The Utility and the SEU will meet regularly for ongoing coordination as programs are launched and operated.
2. Ongoing coordination should be primarily between SEU program staff and program implementers for distribution Utility programs. Key DOEE staff should also help ensure coordinated programs fit within broader, long-term effort to meet District energy and climate objectives.
3. Coordination 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.
4. If a significant program modification is proposed during implementation (e.g. after Commission approval of the EEDR plan), it should be evaluated using the same criteria and principles as during design phase (e.g. not substantially similar to SEU programs without SEU's support). Pepco and/or WGL, DOEE and the SEU should work toward consensus. Parties may petition the Commission if there are unreconcilable differences or if additional authorization is needed.
5. The Utility and the SEU will meet monthly during the first year of each Utility's coordinated Utility programs and thereafter will set meeting schedules based on ongoing needs as determined mutually.
6. The SEU will provide updates to the SEU Advisory Board regarding ongoing coordination and issues being addressed, which could be quarterly during the first year of coordinated Utility programs and annually thereafter.

Appendix B: Minimum Filing Requirements

Requirements for Utility 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 the Utilities' EEDR plans 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. WGL supports this proposal for its EEDR plan and reports, except as noted below.

EEDR Initial 3 Year Cycle Plan:

1. Portfolio Description
    a. Introduction on how the Utility'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- and moderate-income customers.
    b. High-level overview of the residential, commercial, demand response, and low-moderate income sub-portfolios offered by the Utilities
    c. List of which programs that will be targeting the customer segments stated above (could be overlap)
    d. Introduce portfolio level budgets and surcharge forecast
    e. Summarize Utility strategy for monetizing energy and capacity reductions from EEDR programs in the PJM markets, provide an assessment of expected PJM market revenues or cost avoidance resulting from this strategy (if applicable).
2. Governance, Coordination, and Cost-Recovery (include Working Group and overview of assumptions)
    a. Briefly discuss the EEDR Metrics Working Group process and how the Utility'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 the Utility'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. Incremental Annual (first year) savings
        ii. Incremental Lifetime savings
    b. Projected budget at the portfolio level, broken into budget categories (administrative, outside services, marketing, EM&V, and customer incentives)
    c. Annual Projected SCT benefits at the portfolio level
    d. Projected overall BCA using the Societal Benefit Cost test at portfolio level, including projected net benefits using the societal cost test at portfolio level

e. Low- and moderate-income portfolio metrics (annual and program cycle)[11]
    i. Energy and demand savings (program and portfolio)
    ii. Budget (program and portfolio)
    iii. Participation (program and portfolio)
    iv. Energy and demand savings (program and portfolio)
f. Projected low-income participation, overall spend that went towards the low-income customer segment at the program and portfolio level, as well as energy savings realized by low-income DC customers at the program and portfolio level.
    i. Annual
    ii. Program 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 the Utility or co-administered or run in consultation with the SEU and/or other Utility.
    c. Current assessment of program market potential and overall reach
    d. Identify known market barriers, if any, that may impact the program(s) and address the potential impact on such known market barriers for each proposed program. Overview of how program will be marketed
    e. List of potential eligible measures and proposed incentive ranges
5. Projected Metrics by Program
6.
    a. Projected gross energy savings
        i. Annual incremental
        ii. Lifetime
    b. Projected capacity savings
        i. Annual incremental
        ii. Lifetime
    c. Project savings for non-primary fuels and water
        i. Annual incremental
        ii. Lifetime
    d. Projected number of program participants
        i. Annual
    e. Projected counts of each measure by program
        i. Annual
    f. Projected incentive dollars and program budget, broken down by budget category
        i. Annual

[11] WGL generally endorses the items and metrics described in parts 2 and 3 above. For Part 3, sections e and f specifically, WGL recommends that an income eligibility and verification system be established for "moderate-income" customers prior to reporting metrics associated with this customer base.

g. 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
h. Projected SCT benefits by program over the 3-year cycle
i. Projected BCA using the Societal cost test of the program
    i. Annual
    ii. Program Cycle

Semi Annual Reporting:

The Utilities seek to align the Semi-Annual reporting Quantitative Performance Indicators (QPIs) to paragraph 84 in the Order. The Utilities 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 energy savings
    a. Forecasted Annual and Program Cycle (annual incremental and lifetime savings)
    b. Actual Year to Date and Program Cycle to Date (annual incremental and lifetime savings)
5) Demand reduction. Note: WGL supports reporting demand reduction only for demand response programs, and basing that peak demand reduction on the appropriate seasonal peak(s).
    a. Forecasted Annual and Program Cycle
    b. Actual Year to Date and Program Cycle to Date
6) Participation, program spend, and energy savings (annual incremental and lifetime) from customers on energy assistance
    a. Forecasted Annual and Program Cycle
    b. Actual Year to Date and Program Cycle to Date
7) Program budgets and spend
    a. Forecasted Annual and Program Cycle Budget
    b. Actual Year to Date and Program Cycle to Date Spend
8) Potential program modifications (filed along with 4th semi-annual and/or the two-year evaluation report). If there are any modifications identified prior to end of year 2, the Utilities can raise that through their semi-annual 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 and WGL will file a two-year evaluation report concurrently with its semi-annual report after the conclusion of program year 2. The report will be written by an independent evaluator that will be hired by the Utility and will include both an impact evaluation and a process evaluation. The two-year evaluation report will at a minimum include the following:

Impact Evaluation

1. Review of methodologies that were used to evaluate portfolio and individual programs
2. Verification of gross savings claims by Utility. Realization rates by program
    a. At portfolio level
    b. At program level
3. Verification of net savings claims by Utility. 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) Once the Commission decides on BCA criteria from the GD2019-04-M Working Group, follow the Commission guidelines.
    b. Cost-effectiveness screenings of individual programs
    c. Tracking of ancillary cost-effectiveness tests, such as Total Resource Cost Test (TRC), Rate Impact Measurement (RIM test)

Process evaluation

1. Review how the procedures associated with the program design and implementation are performing from both the administrator's and the participants' perspectives
2. Provide independent recommendations for improvements to program design and implementation
3. Modifications to programs within initial 3 Year Cycle (This portion to be written by the Utility)
4. Review of the coordination process between the Utilities and the SEU and how it is impacting delivery of energy efficiency to the District.

Appendix C: Evaluation Schedule

1. *Evaluation schedule for Pepco (assumes January 1, 2022 implementation)*

a. This timeline will not reflect all evaluation activities and milestones and is meant to expectations of when evaluation high-level deliverables will likely materialize over the course of the cycle.

- June 2021 – Pepco submits EE plan to PSC
- Q4 2021 – anticipated PSC approval
- Q4 2021 – Evaluation Working Group commences
- Q4 2021 – Pepco sends out RFP for program evaluator
- Q1 2022 - Pepco selects and onboards evaluation contractor
- Q1 /Q2 2022 – Pepco launches EE programs
- Q2 2022 – Evaluator submits Eval cycle plan to Pepco
- Q3 2022 - Evaluator begins initial work
- Q4 2022 – Evaluator submits draft of initial findings in time prior to Pepco submitting its initial Semi – Annual Report
- Q2 2023 – Evaluator sends Pepco final evaluation results from PY 1 (2022 activity)
- Q2 2023 – Evaluator sends Pepco final cost-effectiveness results from PY 1 (2022 activity)
- Q2 2024 - 2-year EM&V and mid-course program modification report due (will include PY 2 evaluation and cost effectiveness results)

2. *Evaluation schedule for WGL*

Due to the disparate program implementation timelines between WGL and Pepco, WGL does not intend to submit an evaluation schedule at the time of this report being filed with the Commission. Once WGL's implementation schedule becomes more clearly defined, WGL will provide a schedule with a similar cadence and format as described above.

CERTIFICATE OF SERVICE

I hereby certify that a copy of Potomac Electric Power Company's Energy Efficiency and Demand Response Metrics Working Group Report was served this April 27, 2021 on:

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