

Maryland Energy

ADMINISTRATION

Powering Maryland's Future

EmPOWER Planning Webinar

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Welcome and Agenda

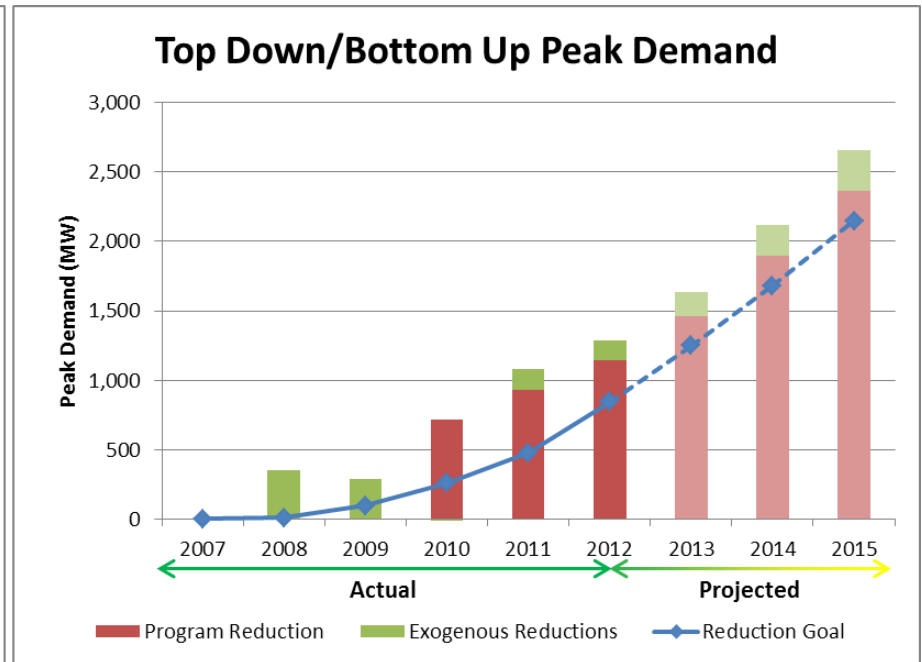
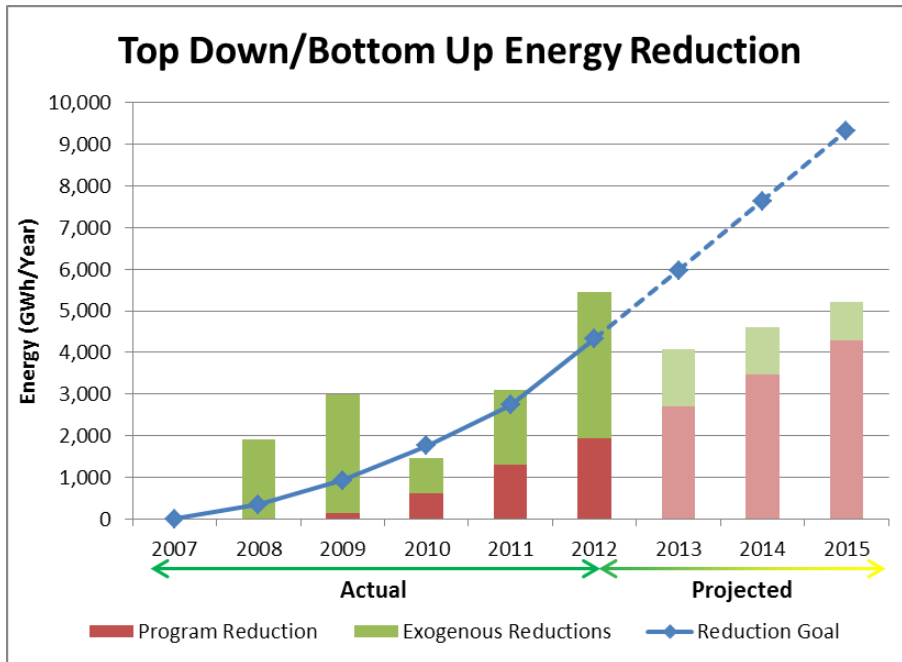
- ▶ Thank you for participating in today's webinar. I hope it will be informative and interactive.
- ▶ Webinar will be recorded and posted on MEA's website

Agenda

- ▶ EmPOWER Program Progress to Date
- ▶ EmPOWER Planning Actions to Date
- ▶ MEA Final Report Recommendations
- ▶ EmPOWER Planning Group
- ▶ Next Steps
- ▶ Q&A

EmPOWER Progress to Date

- ▶ Performance increasing, particularly in 2012
- ▶ On track to hit DR goals, but still short of EE&C goals



2012 based on preliminary data

EmPOWER Planning Process

▶ Summer 2012

- ▶ EmPOWER Planning kickoff meeting June 29, 2012
- ▶ “Business as Usual” projections, Natural Gas potential study, Fuel Switching potential study released

▶ Fall 2012

- ▶ Draft Report to General Assembly
- ▶ Feedback from stakeholders

▶ Winter 2012/2013

- ▶ Final Report to General Assembly
- ▶ Presentation to House Economic Matters Committee
- ▶ EmPOWER Planning webinar

MEA Final Report Recommendations

1. Determine the true lifetime value of saving a MWh of electric energy, a MW of electric capacity, and an MMBTU of natural gas (the “avoided cost of supply”)
2. Define the parameters of the cost effectiveness test to be used when analyzing a portfolio of programs
3. Establish the EmPOWER Planning Group to collectively determine the quantity and cost of achievable savings available in Maryland by fuel type and sector

MEA Final Report Recommendations

4. Set achievable EmPOWER goals that specify minimum annual energy and demand reduction while authorizing the Commission to approve programs up to the cost effectiveness test threshold
5. Implement programs through standardized offerings following industry best practices to the greatest extent possible

1. Determine the Avoided Cost of Supply

- ▶ Analytically rigorous process to calculate the value of avoided energy and capacity
 - ▶ Will be done for electric energy (MWh) and capacity (MW), as well as natural gas energy (MMBTU)
 - ▶ May be done at regional level to account for variations between energy zones in the State
 - ▶ Will include cost of energy, capacity, avoided T&D, avoided compliance costs, etc.
- ▶ Avoided Cost will help set the upper limit for the cost effectiveness of EE&C and DR measures
- ▶ Update in advance of each three year planning cycle

2. Define the Cost Effectiveness Test

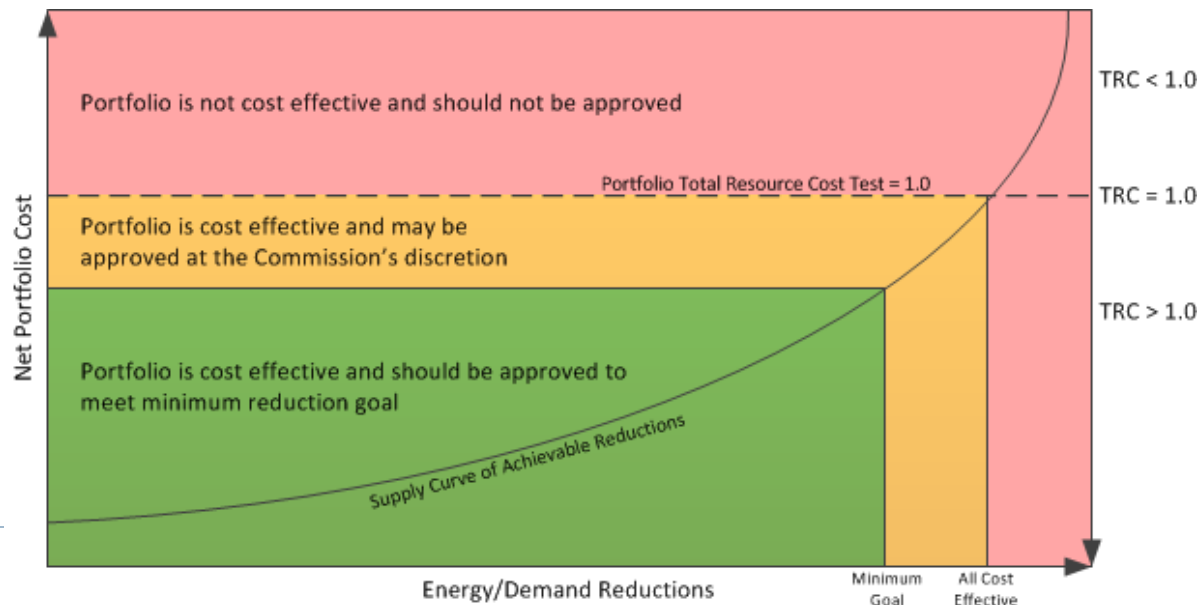
- ▶ Provide PSC with legislative guidance on cost effectiveness issues
- ▶ Recommending TRC at sub-portfolio level
 - ▶ One for Residential, one for C&I
 - ▶ Benefits to include
 - ▶ Avoided cost of supply
 - ▶ Non-electric savings such as natural gas, fuel oil, propane
 - ▶ DRIPE (price suppression effects)
- ▶ Help standardize application of test to programs across utilities and sectors

3. Establish the EmPOWER Planning Group

- ▶ **EmPOWER Planning Group (EPG) would be an expansion of the current workgroup process at the PSC**
 - ▶ Stakeholders such as utilities, suppliers, industry, State agencies, environmental groups
 - ▶ Work to forge consensus on achievable potential for EE&C programs in Maryland under avoided cost
- ▶ Experience will help define new programs as well as enhance penetration of existing programs
- ▶ Recommend be made part of permanent EmPOWER process

4. Set achievable EmPOWER goals

- ▶ Specify minimum annual goals while authorizing portfolios up to cost effectiveness limits
- ▶ Goals should be in “bottom up” quantities, rather than “top down” percentages
- ▶ Update avoided cost and goals for each three year program cycle



5. Standardized offerings following industry best practices

- ▶ **Focus on EE&C savings rather than DR savings**
 - ▶ Continue to implement DR programs, but main focus on EE&C programs
- ▶ **Focus on C&I sectors**
 - ▶ Potentially more “bang for the buck” available in C&I
 - ▶ Residential programs still important
- ▶ **Continue to standardize offerings across utilities**
 - ▶ Same programs, same rebate amounts, coordinated marketing
- ▶ **Implement banded incentive/penalty provisions**
 - ▶ Dead band around expected results
 - ▶ Only kicks in for exceptionally good or poor performance

5. Standardized offerings following industry best practices

- ▶ **Require small coops and munis to participate in their “neighbor” utility programs**
 - ▶ Allows customers to participate without duplicative admin costs
- ▶ **Consider LMI program adjustments to reduce ratepayer impacts**
 - ▶ Investigate potentially lower tariff for LMI customers
- ▶ **Maintain funds for pilot/early stage programs**
 - ▶ Keep pipeline for new programs and existing ones mature
- ▶ **Ensure rate recovery for non-decoupled utilities**
 - ▶ Applicable to both gas and electric utilities

EmPOWER Planning Group

- ▶ Envisioning similar process to the Long Term Electricity Report (LTER)
 - ▶ MEA/PSC led group with prime technical consultant
 - ▶ Myriad stakeholders participate in workshop sessions and provides feedback on work-in-progress
 - ▶ Collaborative effort throughout avoided cost/potential study process
 - ▶ Effort to drive to consensus on highly impactful assumptions
- ▶ High levels of engagement will help produce a better product
- ▶ More information to follow in the coming weeks/months

Next Steps

▶ Spring/Summer 2013

- ▶ MEA working on procurement and planning tasks with PSC Staff
- ▶ EPG formed and work sessions commence

▶ Fall/Winter 2013

- ▶ Draft and Final reports of EPG developed incorporating feedback from stakeholders
- ▶ Formulate legislative strategy for 2014 General Assembly

▶ 2014

- ▶ Introduce EmPOWER Planning legislation
- ▶ Continued program design and developed
- ▶ Transition updated EmPOWER methodology into 2015-2017 program cycle

Questions and Answers

Documents will be posted shortly on MEA's website at
<http://energy.maryland.gov/empower3/index.html>

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