

COMMON FUTURES: ENERGY EFFICIENCY, SUSTAINABILITY, ECONOMIC OPPORTUNITY AND AABE

35th Annual Conference of The American
Association of Blacks in Energy “The Power of
Energy: Winning Our Future

Wendell F. Holland, Esq.

OUTLINE

- Energy Efficiency:
 - As a broad policy matter in NARUC and PA;
 - As an actual practice/case study in Philadelphia (“The Philadelphia Story”); and
 - As a major condition in the context of one of the largest electric utility mergers in recent history.

Reference the Webinar **“Common Futures: Energy Efficiency, Sustainability, Economic Opportunity, and AABE” of last December**



SUMMARY

- I will discuss how Energy Efficiency
 - Is good corporate and public policy
 - Survives and thrives in the context of a major energy merger
 - Can combine with diversity initiatives to achieve far even broader goals



NARUC

- High Priority
- Established as a standing committee –Committee on "Energy Resources and the Environment"
- Specific focus on EE, Environmental Protection, Sustainability, weatherization and assistance



NARUC

- Latest resolutions re EE
 - MLK—Day of Utility Service (Jan. 2009)
 - Supporting a National Consumer Outreach Program on the Transition to More Energy Efficient Lighting (Feb. 2011)
 - Supporting the National Action Plan on Demand Response (July 2010)
 - Supporting US DOE Energy Efficiency Standards (Feb. 2009)
 - Supporting DOE's Efforts to Establish Standards for Energy Efficiency in Manufactured Housing (July 2008)



PA PUC ENERGY EFFICIENCY

Guidelines set December 2009

No “one size fits all:



PA PUC ENERGY EFFICIENCY (CONT)

The Commission asked that each of the plans include:

A detailed plan with a description of EE&C measures to be offered;

Sufficient supporting documentation and verified statements or testimony or both;

Proposed energy consumption or peak demand reduction objectives or both, with proposed dates the objectives are to be met;

A budget showing total planned expenditures by program and customer class;

Tariffs and a cost recovery mechanism; and



THE PHILADELPHIA STORY

- ECA
- Hard numbers
- Refrigerators
- Jobs.



Meet ECA

The Energy Coordinating Agency was founded in 1984 in response to rising gas prices and utility terminations.

OUR MISSION:

To help people conserve energy and to promote a more sustainable and socially equitable energy future for all in the Philadelphia region.

Energy Coordinating Agency: Over 25 Years of Success!



Meet ECA

OUR PROGRAMS AND SERVICES each year:

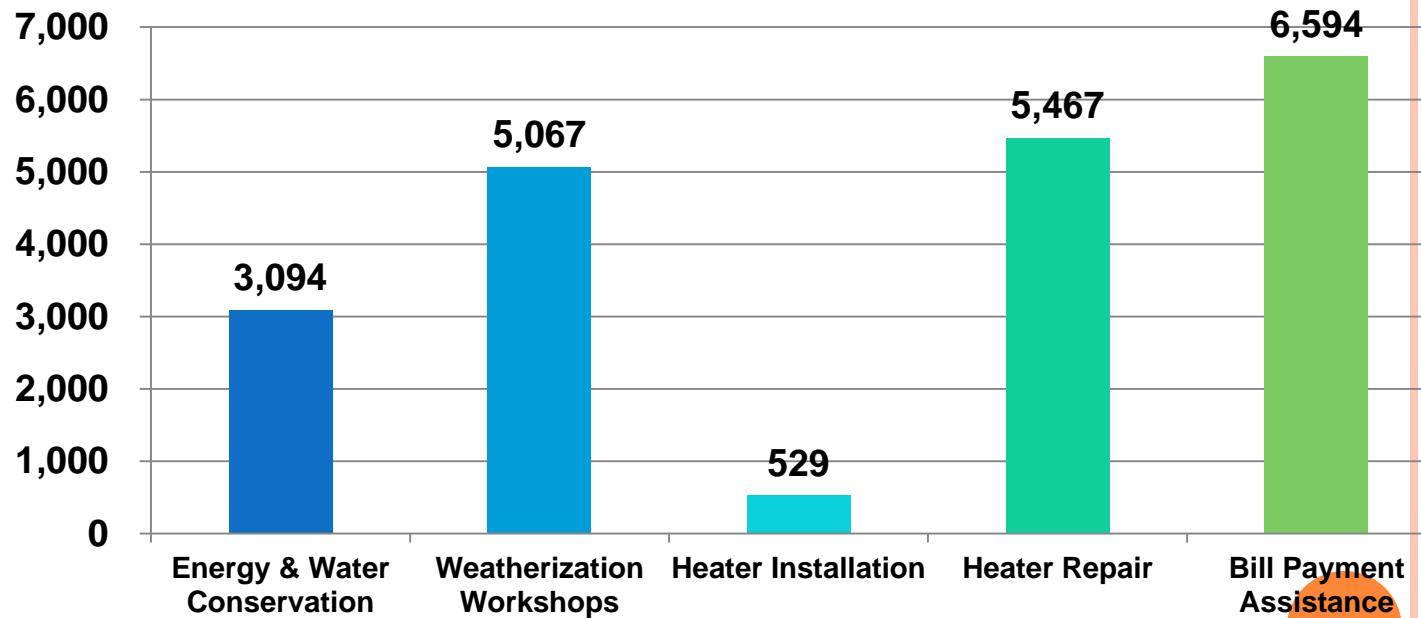
- Weatherize over 3,000 homes
- Energy education to over 8,000 residents
- Green Jobs Training to > 1,000 people of all backgrounds
- LEED and Energy Star Homes certification
- Repair and replace over 5,500 heating systems
- Water Conservation to > 1,500 households
- Bill Payment Assistance to > 8,000 low income households



Stats & Facts

150 Employees; 54,000 Services Provided in F.Y. 2010-11

Households Receiving ECA's Home Treatments & Social Services



Energy Coordinating Agency: Over 25 Years of Success!



Programs & Services

Conservation

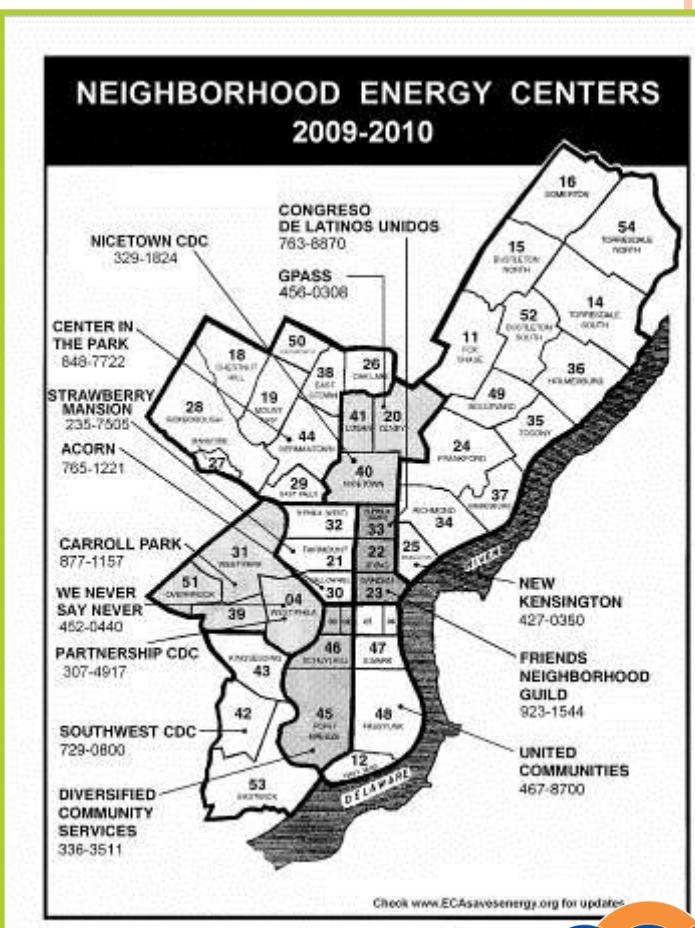
Weatherization Assistance Program
PGW Program
Water Conservation
Heating System Repair/Replacement
EnergyWorks
ENERGY STAR Homes
LEED for Homes

Education

Conservation Education

Bill Payment Assistance

Green Jobs Training



Save Energy, Save Lives

White roofs are typically 60 – 90 degrees cooler than black roofs on hot summer days.



MERGER BROAD VIEW

- EXE/Constellation
- Combines Generation and retail
- Prior attempts
- \$7.0 Billion
- Filed in May 2011; Approved Feb. 17, 2012
- Basic merger standard-- “consistent with the public interest, convenience and necessity, including benefits and no harm to ratepayers”



MERGER – COMMISSION’S ORDER

- Focused on benefits to “ratepayers”
- Benefit must be
 - “direct” and “certain”
 - not “contingent” and “intangible”
- Benefits must flow to BGE ratepayers in their capacity as BGE customers and not just to the “public interest”
- Energy Efficiency benefit must be long term



EXE CONDITIONS

- 33 in total
- Governance
- Operations
- Finance
- Environmental
- Economic Development
- Charitable contributions
- Energy Efficiency



EXE-ENERGY EFFICIENCY CONDITIONS

- EXE's Proposal
- Three funding commitments (all in equal annual payments over four years) intended to bring energy efficiency benefits to ratepayers--namely:
 - (1) \$10 Million to reduce the Empower Maryland BGE ratepayer surcharge;
 - (2) \$10 million for Maryland's EUSP; and
 - (3) \$50 million to encourage energy efficiency through the Department of Housing and Community Development's (DHCD) weatherization program.



EXE-ENERGY EFFICIENCY CONDITIONS

- MD Commission rejected EXE's proposal
- Conditions
 - Energy assistance for low-income-eligible customers;
 - Zero-interest and low-interest financing for residential and commercial energy efficiency and conservation projects;
 - Energy efficiency and weatherization for low income eligible customers;
 - Targeted energy efficiency programs for businesses; and
 - Other innovative programs related to energy efficiency that serve the purpose of removing barriers to adoption of technologies and behaviors related to energy use in homes and small businesses



ENVIRONMENT

- 175 MW of New Generation
- Baltimore Constellation Headquarters and Renewable Energy Development Headquarters



CHARITABLES

- **Commitment 8 – Charitable Contributions and Community Support**

During the ten-year period after consummation of the Merger Exelon and its subsidiaries and associated foundations shall provide, directly or indirectly, an annual average of \$7 million in charitable contributions and traditional local community support within Maryland.



COMPARE MWBE CONDITIONS

- **Commitment 11 – Supplier Diversity**
- Commissioner Williams
- Exelon shall fully support the goals of the Memorandum of Understanding signed by BGE on February 6, 2009 regarding supplier diversity (“MOU”), including all of the terms and conditions thereof, and shall use its best efforts to assist BGE with the implementation of the MOU. BGE shall meet its obligations pursuant to the MOU signed by BGE on February 6, 2009 regarding supplier diversity, including all of the terms and conditions thereof.

JOBS!!!



Caulking



Installing Attic Insulation



Air Sealing in Basement

Replacing a Door



Installing Cellulose Insulation



Energy Conservation Education

To over 8,000 residents each year!



Energy Coordinating Agency: Over 25 Years of Success!



THANKS from team ECA!



Energy Coordinating Agency: Over 25 Years of Success!



THE END



COMPARE NE AND EXE MERGERS AND CONDITIONS

- **Northeast Utilities, Nstar Reach Connecticut Merger Settlement**
- Northeast Utilities and Nstar said they have reached a settlement with the Connecticut attorney general and office of consumer counsel for their proposed merger, Dow Jones Newswires reported. Northeast Utilities' Connecticut Light & Power unit would freeze its base distribution rates until Dec. 1, 2014, issue a \$25 million rate credit to consumers and spend \$15 million on energy efficiency aid for low-income consumers. Other settlement terms included the utility proposing a \$300 million plan to bolster resistance to natural disasters, keeping Northeast Utilities operations and offices within Connecticut for at least seven years and taking measures to expand passive recreation on state land held by Northeast Utilities. The two companies asked the state Public Utilities Regulatory Authority to approve the settlement by April 2.

Dow Jones Newswires via the Wall Street Journal, March 13.

top



COMPARE FE CONDITIONS



PA PUC ENERGY EFFICIENCY

- The Pennsylvania Public Utility Commission today approved a voluntary **energy efficiency and conservation** (EE&C) plan submitted by UGI Electric Utilities (UGI).

The Commission voted 5-0 to approve the plan to reduce energy demand and energy consumption within UGI's service territory. UGI's plan consists of nine programs, including a variety of incentives for residential, commercial and industrial customers to install energy efficient lighting, appliances, heating systems, and other equipment. UGI estimates that these programs will result in a 5 percent reduction in electric consumption by 2015.

In December 2009, the Commission set [guidelines](#) for the state's smaller electric distribution companies (those with fewer than 100,000 customers) wishing to develop EE&C plans similar to those required for the larger companies under Act 129 of 2008.

The Commission asked that each of the plans include:

A detailed plan with a description of EE&C measures to be offered;

Sufficient supporting documentation and verified statements or testimony or both;

Proposed energy consumption or peak demand reduction objectives or both, with proposed dates the objectives are to be met;

A budget showing total planned expenditures by program and customer class;

Tariffs and a cost recovery mechanism; and

A description of the method for monitoring and verifying plan results.

In outlining the suggested guidelines for the voluntary EE&C programs, the Commission recognized a "one-size-fits-all" approach would not work. The PUC's program guidelines provide each EDC with the ability to tailor its EE&C plan to its service territory and consumers. While the Commission did not establish mandatory energy reduction targets as found in [Act 129 of 2008](#), it will monitor the UGI plan implementation to ensure the programs are cost-effective and achieving the intended results.

The

- WFH– Incorporate some of Hangars friends slides



CONDITIONS

- Statutory Standard
- Parties
- Discussion in earnest
- Hearings



EXE

ALL CONDITIONS-- GOVERNANCE

- Maintain BGE Ring-Fencing
- ComEd and PECO Independence from BGE
- Local Membership on BGE Board and Local BGE CEO
- BGE Representation on Exelon Management's Executive Committee
- Exelon Management's Executive Committee Meetings in Baltimore



EXE

ALL CONDITIONS--OPERATIONS

- CAIDI Study
- Capital and O&M Expenditure Levels



EXE

ALL CONDITIONS--FINANCE

- Ring-Fencing Prohibition on Cross-Default Provisions
- No Goodwill Recorded on BGE's Books
- No Transaction Cost Recovery



EXE– ECONOMIC DEVELOPMENT CONSIDERATIONS

- EmPower Maryland Contribution and Commitment
- Praise Harold– MD as leader

