



MD Ruling on Exelon-Pepco Holdings Merger Provides Millions in Benefits for Residents and Owners of Affordable Multifamily Housing

On May 15th, the Maryland Public Service Commission approved the merger between Exelon and Pepco Holdings. The Order includes significant benefits to residents and owners of affordable multifamily housing. These benefits include increased investments in energy efficiency, improved access to energy consumption data, and debt forgiveness for low-income utility customers. The Order requires Exelon to provide \$57 million for investments in efficiency and clean energy.

These provisions were sought by the National Housing Trust (NHT), National Consumer Law Center (NCLC), Maryland Affordable Housing Coalition (MAHC), and Housing Association of Nonprofit Developers (HAND) as formal interveners in the merger proceeding.

The Order provides the following:

- **Targeted Energy Efficiency Investments for Low Income Residents in Pepco and Delmarva’s Service Territories.**
 - The Order requires Exelon to invest \$43.2 million in energy efficiency programs with 20% of the funding- \$8.6 million- targeted to benefit low and moderate income households, including renters.
 - The Order earmarks a *minimum* of \$4.2 million for energy efficiency investments in multifamily affordable housing.¹
- **A \$14.4 Million Green Sustainability Fund to Stimulate Public and Private Investments in Clean Energy for Qualifying Projects, including Multifamily Affordable Housing.**²

¹ This includes \$1.8 million to be spent on affordable multifamily housing in Montgomery County and to be administered by the county government and \$2.4 million to be administered by Delmarva Power in its service territory. Additional funding for affordable multifamily housing in Prince George’s County may also become available.

² Of the \$14.4 million allocated to Maryland, \$6.0 million will be allocated to Prince George’s County and \$8.4 million will be allocated to Montgomery County.

- *In addition to \$43.2 million for energy efficiency*, the Order requires Exelon to create a \$14.4 million Green Sustainability Fund to stimulate public and private investment within Pepco's Maryland service territory in: solar, storage and other behind-the-meter and distributed generation; energy-efficiency; resiliency measures; microgrids; water conservation in buildings; clean transportation; community solar; and similar developing energy technologies.
- The agreement targets at least 20% of the Fund for interest-free loans to 501(c)(3) organizations, similar charitable organizations, and, specifically, affordable multifamily housing.
- Qualifying projects include projects installed by nonprofit organizations and universities, and, specifically affordable multifamily housing projects.
- The Fund is to be administered by Prince George's and Montgomery Counties. The Counties may seek to arrange co-investments with regional, community and minority banks and Treasury Certified Community Development Financial Institutions ("CDFIs"). Exelon shall put forth best efforts to encourage its community and minority banking relationships and other financing sources to co-invest with the Counties on financing for Qualified Projects.
- Financial assistance from the Fund can be provided in the form of low-interest loans, interest subsidies, the purchase of participations in loans made by co-investors, subordinated loans, partial loan guarantees, credit enhancements, and loan-loss protection.
- **Improved Access to Energy Consumption Data and Support for Setting Accurate Utility Allowances.** Exelon commits to provide building owners and managers of multifamily buildings in Pepco's and Delmarva's service territories with access to whole-building energy usage data for benchmarking purposes at no additional cost. In addition, Exelon commits to identifying data protocols that will support the development of acceptable utility allowances in collaboration with representatives from the Maryland Affordable Housing Coalition and the Housing Association of Nonprofit Developers.

- **Debt Forgiveness for Utility Customers, including Renters.** Pepco and Delmarva Power will forgive all residential customer accounts receivable over two years old as of the date of the Merger closing, a cost estimated at \$647,156. Exelon is to ensure that appropriate representatives of BGE, Delmarva, and Pepco engage in discussions with NCLC and other interested stakeholders to consider the development of a mutually agreeable Arrearage Management Program (“AMP”) for limited-income customers in arrears, which would include the provision of credits or matching payments for customers who make timely payments on their current bills.
- **Enhanced Energy Efficiency Plans.** The Joint Applicants are required to develop and file a distinct set of milestones as to how they will accelerate and enhance BGE’s, Delmarva’s, and Pepco’s EmPOWER Maryland plans, including proposed penalties for failure to meet Commission-approved goals. This proposal shall be filed with the Commission no later than March 1, 2016.

Exelon has now received approval of the merger from New Jersey and Maryland, and is expected to receive approval from Delaware very soon. However, the merger also needs approval from the D.C. Public Service Commission.