



Settlement Agreement in MD Exelon-Pepco Holdings Merger Proceeding Would Mean Millions in Energy Efficiency Investments for Low Income Residents and Affordable Multifamily Housing

The National Housing Trust, National Consumer Law Center, Maryland Affordable Housing Coalition, and Housing Association of Nonprofit Developers have reached a settlement agreement with Exelon and Pepco Holdings Inc. in the merger proceeding in Maryland.

The National Housing Trust acted as Lead Witness. The parties were ably represented by the National Consumer Law Center. If ultimately adopted by the Public Service Commission, the agreement would provide significant benefits to owners and residents of affordable multifamily housing in Pepco's and Delmarva Power's service territories, including increased investments in energy efficiency, improved access to energy consumption data, and debt forgiveness for low-income utility customers.

In particular, the settlement agreement provides the following:

- **Targeted Investments in Affordable Multifamily Housing:**
 - Earmarks \$6.5 million for energy efficiency investments in multifamily affordable housing.
 - Creates a \$50 million Green Sustainability Fund and includes affordable multifamily housing as eligible for \$10 million in zero interest loans (See description of the Fund below).
 - Targets 20% of a \$42 million energy efficiency fund to low- and moderate-income households, including renters.

- **A \$50 Million Green Sustainability Fund to Stimulate Public and Private Investments in Clean Energy for Qualifying Projects, including Multifamily Affordable Housing.**

Additional funding for multifamily affordable housing will likely become available through a \$50 Million Green Sustainability Fund to be allocated across Maryland, D.C., Delaware and New Jersey. 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, for Qualifying Projects.

Financial assistance from the Fund will be extended to Qualified Borrowers through Sponsoring Organizations such as CDFIs 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 Low-Income Utility Customers, including Renters.** To help reduce the burden of long-outstanding energy debt, Pepco and Delmarva Power will forgive all residential customer accounts receivable over three years old as of the date of the Merger closing. Exelon will ensure that appropriate representatives of Pepco and Delmarva engage in discussions with the National Consumer Law Center to develop an Arrearage Management Program ("AMP") for low-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.** Pepco and Delmarva will cooperate with Public Service Commission Staff and other stakeholders to develop and file a distinct set of milestones to accelerate and enhance Pepco's and Delmarva Power's EmPOWER Maryland plans, including proposed penalties for failure to meet Commission-approved goals. This proposal will be filed with the Commission within six months after the close of the Merger.

Importantly, the terms of the settlement must first be approved by the Maryland Public Service Commission. The Trust is seeking comments to the Commission supporting the above terms for the settlement.