

Statement of Commissioner Richard Beverly

I want to take this opportunity to thank all of the Commission Staff members who worked on this report. The report lays the foundation for many of the things that we need to consider in designing a regulatory framework to meet the needs of the future.

My role prior to becoming a Commissioner was limited to a legal review and, for that reason, the overall direction of the report does not reflect any substantial input from me. Although I'm pleased that so many stakeholders participated in this process, our citizen stakeholders have not yet had a full opportunity to share their vision of the future. So, for me, the report is a useful exercise in making sure that all of our stakeholders have roughly the same understanding of the current regulatory environment.

Legislative Mandates

As we move forward, it's important to note that the Council of the District of Columbia (Council) and the District Department of Energy and Environment (DOEE) have articulated goals for energy policy in the District, in terms of renewables and carbon reduction. The Council adopted the Clean and Affordable Energy Act of 2008¹ and a series of laws beginning with the Renewable Portfolio Standard Act of 2004², which created renewable energy portfolio standards to promote the generation of electricity through renewable resources. In furtherance of the District's commitment to increase use of renewable forms of energy, the Council most recently adopted the Renewable Portfolio Standard Expansion Amendment Act of 2016.³

Executive Policy

Sustainable DC

In 2012, the District of Columbia's sustainability plan, entitled *Sustainable DC*, was released following a collaborative effort involving the input and participation of thousands of members of the local community with a pledge to make the District the world's most sustainable city. Led by

¹ D.C. Law 17-250, the "Clean and Affordable Energy Act of 2008," among other things, established a renewable energy incentive program in the District of Columbia; increased the renewable requirement, allow solar thermal to count as a Tier 1 solar resource, and increased the alternative compliance payment; established benchmarking requirements for all qualified public and private buildings; and amended the responsibilities of the Public Service Commission to require the Commission to consider the public safety, the economy of the District, the conservation of natural resources, and the preservation of environmental quality in supervising and regulating public utilities and energy companies.

² D.C. Law 15-340, the "Renewable Portfolio Standard Act of 2004,"

³ D.C. Law 21-154, the "Renewable Portfolio Standard Expansion Amendment Act of 2016," adds waste heat from combined and sanitary sewage systems, and effluence from wastewater treatment to the list of Tier 1 renewable sources; raises the renewable portfolio and solar requirements to 50% and 5% by the year 2032, respectively; increases financial penalties for electricity suppliers who fail to comply with the renewable energy portfolio standard for the applicable year; and establishes a program within DOEE to assist low-income households, seniors, nonprofits, and small local businesses increase their access to the benefits of solar power. The program is required to reduce by at least 50% the electric bills of at least 100,000 of the District's low-income households with high energy burdens by December 31, 2032.

the District Office of Planning (OP) and DOEE, as well as other government agencies, the initiative brings a government-wide focus on environmental sustainability.⁴

Clean Energy DC

DOEE has recently released a draft of its climate and energy plan for the District, entitled *Clean Energy DC*, which contains the vision for the District to meet challenges presented by climate change and create a sustainable energy system that provides for the District's future energy needs.⁵ *Clean Energy DC* proposes to reduce greenhouse gas (GHG) emissions by 50% below 2006 levels by 2032 while increasing use of renewable energy and reducing energy consumption, as directed by *Sustainable DC*.

Commission Action

As the Commission noted in Order No. 17539 issued in Formal Case No. 1103, the Commission, in response to a request from Grid 2.0 and the Sierra Club, stated it would “continue to investigate new technologies that could improve Pepco’s grid with the incorporation of distributed generation including solar energy, and the exploration of micro-grid architecture opportunities, and other conservation and environmental quality issues, as we work to also ensure that Pepco provides safe and reliable electric service in the District of Columbia.”⁶ The Commission declined to conduct the investigation in that formal case because the request was made in the course of a rate proceeding.⁷ In Formal Case No. 1123, the proceeding involving Pepco’s request for approval to construct the Waterfront substation, DC Climate Action and Advisory Neighborhood Commission 6D06 requested that the Commission convene a working group to, among other things, “investigate the costs and benefits of installing state of the art interconnection infrastructure for distributed generation including substantial battery storage and smart inverters, along with financing options.”⁸ In Order No. 17851, the Commission declined to form the requested working group as part of the Waterfront substation approval process, but determined that it would open a new docket to “address in a more global way the future outlook for energy growth in the District of Columbia, the feasibility of deploying more energy storage facilities and increased distribution generation, and the impact of these new technologies on

⁴ Sustainable DC <http://www.sustainabledc.org/>

⁵ Clean Energy DC: The District of Columbia Climate and Energy Plan, Draft October 2016, accessed December 27, 2016. <http://doee.dc.gov/cleanenergydc>.

⁶ *Formal Case No. 1103, In the Matter of the Application of the Potomac Electric Company for Authority to Increase Existing Retail Rates and Charges for Electric Distribution Service*, Order No. 17539, rel. July 10, 2014, at ¶ 120.

⁷ *Formal Case No. 1103*, Order No. 17539, at ¶ 120.

⁸ *Formal Case No. 1123, In the Matter of the Potomac Electric Company's Notice to Construct a 230kV/138 kV/13 kV Substation and Four 230 kV/138 kV Underground Transmission Circuits on Buzzard Point*, Order No. 17851, rel. April 9, 2015 at ¶ 19.

Pepco's load forecasting and construction plans for the city."⁹ In response to that determination, the Commission opened this proceeding.

So far, stakeholder input has been limited largely to developers, vendors, and interest groups whose views may be colored by their individual objectives.

In my opinion, the actions undertaken in the MEDSIS proceeding should be directly aligned with and in support of the District's executive policy and legislative mandates, so that the results of any initiatives in this proceeding are consistent with the direction in which the city is moving.

I note that *Clean Energy DC* makes eleven recommendations with regard to grid modernization. They include (1) defining a vision of the District's future electricity system to be used to define grid capabilities and characteristics and the transition needed to achieve this vision; (2) adopt a framework for valuing distributed energy resource costs and benefits; (3) support the collaborative development of an integrated distribution plan; (4) intervene in Commission proceedings related to grid modernization; (5) outline a path to overcome legislative and regulatory barriers to grid modernization; (6) conduct a hosting capacity study of the District's distribution grid; (7) develop a location-based profile of energy use and GHG emissions; (8) generate, evaluate, and prioritize a list of actions that can be taken immediately; (9) leverage existing advanced metering data; (10) identify near-term projects that should be coordinated with grid modernization activities; and (11) pursue pilot projects related to key modernization capabilities and technologies. Some of these goals are addressed in the Commission Staff Report while others are not.

However, I'm not simply concerned with ensuring that MEDSIS aligns with the District's energy goals and policies, but also that it, among other things: (1) addresses outages, especially in areas that have chronic problems; (2) ensures minimal impact on rates; (3) takes into consideration the effects of the D.C. Power Line Undergrounding initiative ("D.C. PLUG"); (4) promotes energy efficiency; (5) ensures system adequacy and resilience; (6) maintains adequate physical security and cybersecurity; (6) addresses the future role of the regulated distribution company; (7) protects customer privacy; (8) addresses distribution system planning; (8) interconnection standards; (8) hosting capacity analyses; (9) Volt/VAR optimization; and (10) time-varying rates as well as any changes to rate design, including performance based ratemaking.

This MEDSIS proceeding was initiated at the request of community stakeholders who are among those individuals and grassroots organizations whose views and opinions have been valuable in shaping and establishing the District's energy legislation and policies. It is important that the Commission approach this proceeding in a manner that builds on that foundation and includes the participation of not only developers and vendors, but also the community stakeholders who are directly engaged in the efforts to meet the District's goals.

Although the Commission declined to convene a working group to discuss this matter at an earlier stage of the proceeding, given the complexity of MEDSIS and the potential wide disparity of views on the subject, I think the time is right to consider either convening a working group or

⁹ *Formal Case No. 1123*, Order No. 17851, at ¶ 78.

establishing a stakeholder Board so that all relevant issues can be discussed in a more fluid give and take manner. I recognize that the Staff proposes a Town Hall but, to me, that kind of a forum may not provide an optimal opportunity for truly meaningful participation on issues of this complexity. A working group or Board can give thoughtful consideration of all views, over whatever period of time is necessary, and then make a consensus recommendation (or, if necessary staggered recommendations) to the Commission on what, if any, staff recommendations are appropriate in the short or long terms as well as make independent recommendations of its own. Whether the vehicle is a working group or Board, it should provide for participation from the Executive Office of the Mayor, the Office of the People's Counsel, the Commission, consumer and environmental groups, Pepco, Washington Gas, competitive suppliers, and clean energy advocates. As part of its consideration, the working group or Board could consider the grid modernization efforts from California, Connecticut, Massachusetts, Minnesota, and New York, to name a few, and recommend to the Commission what, if any, of those initiatives hold promise for the District. I welcome comment on this approach.