

**PUBLIC SERVICE COMMISSION OF THE DISTRICT OF COLUMBIA
1325 G STREET, N.W., SUITE 800
WASHINGTON, D.C. 20005**

NOTICE OF INQUIRY

November 25, 2019

GD2019-04-M, IN THE MATTER OF THE IMPLEMENTATION OF THE 2019 CLEAN ENERGY DC OMNIBUS ACT COMPLIANCE REQUIREMENTS,

1. The CleanEnergy DC Omnibus Amendment Act of 2018 (“CleanEnergy DC Act” or “Act”) was enacted by the Council of the District of Columbia on March 22, 2019. Section 103 of the Act amends D.C. Code § 34-808.02 to require that, in supervising and regulating utility or energy companies, the Public Service Commission of the District of Columbia (“Commission”) consider not only the public safety, the economy of the District, the conservation of natural resources, and the preservation of environmental quality, but also the “effects on global climate change and the District’s public climate commitments.”

2. By this Notice of Inquiry (“NOI”), the Commission invites public comment on the analytical approach that it should take when considering the effects of a utility proposal on global climate change and the District’s public policy commitments, including whether specific greenhouse gas (“GHG”)¹ emissions reporting requirements, metrics for GHG emissions reduction, and carbon footprint metrics should be used. The Commission solicits descriptions on what measurements and verification metrics could be designed to help it assess compliance with the CleanEnergy DC Act. The goal of seeking stakeholder input to further develop this framework is to provide a higher level of regulatory certainty and transparency into the decision-making process. To aid in the formulation of responsive comments, the Commission provides the following:

3. On February 14, 2018, the Commission adopted a Vision for modernizing the District’s energy delivery system, which includes both electric and gas systems. That Vision consists of seven (7) key factors, which state that the modern energy delivery system must be sustainable, well-planned, safe and reliable, secure, affordable, interactive, and non-discriminatory.² Each of these factors is expounded upon with Guiding Principles. Under the factor of “sustainable,” the Commission made it clear that it will focus on: (1) Environmental Protection, including protecting the District’s natural resources and assisting the District Government in reaching its Clean Energy DC goals by fostering the use of more efficient energy and renewable energy sources, distributed energy resource (“DER”) technologies, and controllable demand alternatives to reduce GHG emissions and overall energy consumption; (2) Economic

¹ https://www.govregs.com/regulations/expand/title40_chapterI_part98_subpartA_section98.6#title40_chapterI_part98_subpartA_section98.6.

² *Formal Case No. 1130, In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability* (“*Formal Case No. 1130*”), Order No. 19275, rel. February 14, 2018.

Growth; and (3) Social Equity, including positively impacting the daily lives of District residents and strengthening community involvement in reaching environmental protection and economic growth goals related to modernizing the District’s energy delivery system.

4. Currently, the Commission generally applies the All Ratepayers Test and a Societal Cost Test (“SCT”) when a new utility program requiring a benefit cost analysis (“BCA”) is proposed. While the Commission remains committed to considering our Vision and Guiding Principles for grid modernization in our decision-making, stakeholders may find it appropriate to further elaborate on this framework with specific-quantifiable metrics or a question-based analysis (similar to the one the Commission uses to analyze utility mergers).

Potential Analytical Frameworks

5. There are various analytical frameworks that could be employed to consider the new mandate, such as a BCA, like the one adopted by the New York Public Service Commission (“NY PSC”); an issue/problem statement approach, like the one used by PJM; or a question/factor-based rubric, like the one used by the Commission when evaluating the merits of a utility merger application.

6. In its order adopting a BCA framework in its Reforming the Energy Vision proceeding, the NY PSC adopted the SCT “as the primary measure of cost effectiveness under the BCA framework,” further stating that the “SCT recognizes the impacts of a DER or other measure on society as a whole, which is the proper valuation.”³ The NY PSC also discussed the significant disagreement amongst stakeholders when considering externalities such as CO₂ and other air emissions pollutants but concluded that a proper analysis must consider externalities (like the social cost of carbon) not just utility costs. In its April 2019 report on “Opportunities for Valuing Climate Impacts in U.S. State Electricity Policy,” the New York University (“NYU”) Law Institute for Policy Integrity asserts that by taking steps to incorporate a cost for climate effects into electricity proceedings, state regulators could help internalize these pollution externalities. The report recognizes that the “ways in which state public utilities can value climate effects differ depending on whether the state is vertically integrated or part of a wholesale electricity market.”⁴ Additionally, PJM recently established a new carbon pricing senior task force with a problem statement and issue charge,⁵ and the U.S. Environmental Protection Agency has created a tool to provide information on health benefits for energy efficiency and demand response programs for various regions.⁶ If any of these approaches or any other approach should be used by the Commission, then we seek input on how to implement these approaches to analyze the impact of

³ Case No. 14-M-0101, Proceeding on Motion of the Commission in Regard to Reforming the Energy Vision, Order Establishing the Benefit Cost Analysis Framework, pp. 12-18, issued January 21, 2016.

⁴ “Opportunities for Valuing Climate Impacts in U.S. State Electricity Policy,” the NYU Law Institute for Policy Integrity, April 2019.

⁵ <http://insidelines.pjm.com/senior-task-force-embarks-on-carbon-pricing-education/>.

⁶ <https://www.epa.gov/statelocalenergy/estimating-health-benefits-kilowatt-hour-energy-efficiency-and-renewable-energy>.

a utility's proposal on global climate change and the District's public policy commitments. The Commission also seeks comment on whether different analytical frameworks and standards should be used for different types of utility proposals (*i.e.*, a base rate case, rate design proposal, infrastructure construction project, etc.).

7. Similarly, in addition to considering the PowerPath DC Vision & Guiding Principles as a potential question- or factor-based analytical framework, it may be appropriate for either: (1) the proponents of a proposal to provide an assessment of the *specific* impacts their proposal has on global climate change and the District's public climate commitments;⁷ and/or (2) the Commission to weigh factors targeted at ensuring proposals have a positive (or neutral) impact on global climate change and the District's public climate commitments. If this is an appropriate framework, then the Commission seeks input on what types of assessment questions and/or factors that should be included in this standard.

8. The Commission also seeks input on what utility reporting requirements should be implemented considering best practices from states with similar climate change goals.⁸ For example, what are the most effective reporting requirements or rules to track utilities clean energy goal compliance so that the Commission does not need to specify the requirements for every proceeding, such as electric and gas rate cases and infrastructure construction cases.

Conclusion

9. The above frameworks are merely examples of how the Commission can structure an analytical framework that appropriately addresses the various considerations we must make when considering the effects of a utility's proposal on global climate change and the District's public climate commitments. They are in no way meant to limit stakeholders' comments as the Commission will consider any proposals that help us comply with the District's new mandate.

10. Pursuant to Order No. 20258, released on November 25, 2019,⁹ all persons interested in commenting on the analytical framework that the Commission should use when it considers the effects of a proposal on global climate change and the District's public climate commitments shall file comments no later than January 13, 2020. Comments may be filed with Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1325 G Street, N.W., Suite 800, Washington, D.C. 20005, or at the Commission's website at https://edocket.dcpsc.org/public/public_comments. Persons with questions concerning

⁷ Examples of questions that may be appropriate to include in this framework are: (1) Does the proposal have a positive, negative, or neutral impact on the environment when considering environmental factors like GHG emissions reduction, reduction in overall energy usage, increasing energy usage from clean and renewable energy resources, etc. ?; and (2) What are the proposals' impacts on District's public climate change commitments, specifically the District's renewable energy portfolio standards, public transportation electrification goals, and building code requirements?

⁸ For example, should the utility be required to report the: (i) metric tons of carbon emissions avoided?; (ii) value (\$) of avoided carbon emissions?; (iii) avoided MWh or MWs? and/or; (iv) other non-carbon GHG emission components?

⁹ *GD2019-04-M, In the Matter of the Implementation of the 2019 Clean Energy DC Omnibus Act Compliance Requirements* ("GD2019-04-M"), Order No. 20258, rel. November 25, 2019.

this Notice should call the Commission Secretary's Office at 202-626-5150. Thereafter, the Commission intends to hold a Technical Conference to further consider stakeholder input on this matter within 30 days of receiving comments. The Commission will publish a notification of the date, time, and location of the Technical Conference on the Commission's website at least two (2) weeks in advance of the date of the Technical Conference.