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Public Service Commission of the District of Columbia

1333 H Street, N.W., 2nd Floor, West Tower

Washington, D.C. 20005

(202) 626-5100

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APR -1 PM 1:05

Betty Ann Kane
Chairman

March 31, 2011

VIA HAND DELIVERY

Nyasha Smith
Secretary to the Council
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Ms. Smith:

Attached is the Public Service Commission of the District of Columbia's ("Commission") Report on the Renewable Energy Portfolio Standard, which is filed in accordance with § 34-1439 of the District of Columbia Official Code. Specifically, this section requires the Commission to file a report with the Council on or before April 1st of every year on the status of implementation of the Renewable Energy Portfolio Standard Act, including: the availability of tier one renewable resources; certification of the number of credits generated by the utilities meeting the requirements of § 34-1432; and any other such information as the Council shall consider necessary.

Thank you. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in cursive script that reads "Betty Ann Kane".

Betty Ann Kane

Attachment (1)

cc: The Honorable Richard E. Morgan, Commissioner, Public Service Commission
The Honorable Lori Murphy Lee, Commissioner, Public Service Commission



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Betty Ann Kane
Chairman

March 31, 2011

VIA HAND DELIVERY

The Honorable Kwame Brown
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Chairman Brown:

Attached is the Public Service Commission of the District of Columbia's ("Commission") Report on the Renewable Energy Portfolio Standard, which is filed in accordance with § 34-1439 of the District of Columbia Official Code. Specifically, this section requires the Commission to file a report with the Council on or before April 1st of every year on the status of implementation of the Renewable Energy Portfolio Standard Act, including: the availability of tier one renewable resources; certification of the number of credits generated by the utilities meeting the requirements of § 34-1432; and any other such information as the Council shall consider necessary.

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Sincerely,

Betty Ann Kane

Attachment (1)

cc: The Honorable Richard E. Morgan, Commissioner, Public Service Commission
The Honorable Lori Murphy Lee, Commissioner, Public Service Commission



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PUBLIC SERVICE COMMISSION

Betty Ann Kane
Chairman

March 31, 2011

VIA HAND DELIVERY

The Honorable Yvette Alexander
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Alexander:

Attached is the Public Service Commission of the District of Columbia's ("Commission") Report on the Renewable Energy Portfolio Standard, which is filed in accordance with § 34-1439 of the District of Columbia Official Code. Specifically, this section requires the Commission to file a report with the Council on or before April 1st of every year on the status of implementation of the Renewable Energy Portfolio Standard Act, including: the availability of tier one renewable resources; certification of the number of credits generated by the utilities meeting the requirements of § 34-1432; and any other such information as the Council shall consider necessary.

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Chairman

March 31, 2011

VIA HAND DELIVERY

The Honorable Muriel Bowser
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Bowser:

Attached is the Public Service Commission of the District of Columbia's ("Commission") Report on the Renewable Energy Portfolio Standard, which is filed in accordance with § 34-1439 of the District of Columbia Official Code. Specifically, this section requires the Commission to file a report with the Council on or before April 1st of every year on the status of implementation of the Renewable Energy Portfolio Standard Act, including: the availability of tier one renewable resources; certification of the number of credits generated by the utilities meeting the requirements of § 34-1432; and any other such information as the Council shall consider necessary.

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VIA HAND DELIVERY

The Honorable Phil Mendelson
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Mendelson:

Attached is the Public Service Commission of the District of Columbia's ("Commission") Report on the Renewable Energy Portfolio Standard, which is filed in accordance with § 34-1439 of the District of Columbia Official Code. Specifically, this section requires the Commission to file a report with the Council on or before April 1st of every year on the status of implementation of the Renewable Energy Portfolio Standard Act, including: the availability of tier one renewable resources; certification of the number of credits generated by the utilities meeting the requirements of § 34-1432; and any other such information as the Council shall consider necessary.

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The Honorable Michael Brown
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Brown:

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VIA HAND DELIVERY

The Honorable Mary Cheh
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Cheh:

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VIA HAND DELIVERY

The Honorable Jim Graham
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Graham:

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March 31, 2011

VIA HAND DELIVERY

The Honorable Jack Evans
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Evans:

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The Honorable Sekou Biddle
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Biddle:

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Betty Ann Kane
Chairman

March 31, 2011

VIA HAND DELIVERY

The Honorable David Catania
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Catania:

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Chairman

March 31, 2011

VIA HAND DELIVERY

The Honorable Tommy Wells
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Wells:

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Betty Ann Kane
Chairman

March 31, 2011

VIA HAND DELIVERY

The Honorable Harry Thomas
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Thomas:

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Betty Ann Kane
Chairman

March 31, 2011

VIA HAND DELIVERY

The Honorable Marion Barry
Council of the District of Columbia
1350 Pennsylvania Avenue, NW
Washington, D.C. 20004

Re: 2011 Report on the Renewable Energy Portfolio Standard

Dear Councilmember Barry:

Attached is the Public Service Commission of the District of Columbia's ("Commission") Report on the Renewable Energy Portfolio Standard, which is filed in accordance with § 34-1439 of the District of Columbia Official Code. Specifically, this section requires the Commission to file a report with the Council on or before April 1st of every year on the status of implementation of the Renewable Energy Portfolio Standard Act, including: the availability of tier one renewable resources; certification of the number of credits generated by the utilities meeting the requirements of § 34-1432; and any other such information as the Council shall consider necessary.

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Sincerely,


Betty Ann Kane

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cc: The Honorable Richard E. Morgan, Commissioner, Public Service Commission
The Honorable Lori Murphy Lee, Commissioner, Public Service Commission

Public Service Commission

of the

District of Columbia

**2011 Report on the
Renewable Energy Portfolio Standard**

March 31, 2011

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EXECUTIVE SUMMARY

On January 19, 2005, the District of Columbia Council enacted the Renewable Energy Portfolio Standard Act (“REPS Act”), which established a renewable energy portfolio standard (“RPS”) through which a minimum percentage of District electric providers’ supply must be derived from renewable energy sources beginning January 1, 2007, with an ultimate target of 11 percent by 2022. Eligible renewable energy sources are separated into two categories, Tier I and Tier II, with Tier I resources including solar energy, wind, biomass, methane, geothermal, ocean, and fuel cells, and Tier II resources including hydroelectric power other than pumped storage generation and waste-to-energy. In addition, a minimum requirement was carved out specifically for solar energy.

The REPS Act required that the Commission adopt regulations, or orders, governing the application and transfer of renewable energy credits and implementation of the REPS Act. The RPS rules became effective upon the publication of the Notice of Final Rulemaking in the *D.C. Register* on January 18, 2008. As part of its RPS rules, the Commission has established a process for certifying eligible generators. The certification process includes a streamlined application that the Commission developed. Renewable generators do not need to submit as much documentation for the streamlined application and the Commission is required to take action in a shorter period of time.

On October 22, 2008, the permanent version of the Clean and Affordable Energy Act of 2008 became law. This legislation, among other things, amended the REPS Act and changed the definition of solar energy to provide eligibility for solar thermal applications that do not generate electricity, raised the RPS requirements to 20 percent by 2020, and increased certain alternative compliance fees. The Commission addressed the appropriate changes in a Notice of Final Rulemaking that appeared in the *D.C. Register* on October 2, 2009.

Pursuant to the Commission’s RPS rules, each active electricity supplier with retail sales in 2009—a total of sixteen (16)—submitted a compliance report for that calendar year. All the suppliers met the RPS requirements either through acquiring renewable energy credits (“RECs”) or by submitting a compliance payment. Nine (9) electricity suppliers provided solar RECs (“SRECs”), while the remaining suppliers paid the compliance fee of \$500 per MWH shortfall of SRECs. However, only five (5) suppliers obtained a sufficient number of SRECs to avoid paying a compliance fee for the solar requirement. The compliance fee payments are deposited into the Renewable Energy Development Fund administered by the District Department of the Environment (“DDOE”).

The majority of the Tier I RECs used for compliance were from qualifying biomass resources, including black liquor and wood waste. Methane from landfill gas,

wind, and solar energy resources accounted for the remaining Tier I RECs.¹ Tier II RECs were primarily from hydroelectric facilities, with the remainder accounted for by municipal solid waste.

With respect to the availability of resources, the generation of electricity in the PJM region provides one perspective. In terms of the PJM system fuel mix, the overall renewable resources in the PJM region represent about three percent of the available fuels. Wind power accounts for the largest share among renewable resources—roughly one percent. Among other renewable sources, hydroelectric power represents the second largest resource, nearly one percent as well.

As of March 10, 2011, the Commission has approved 2,667 renewable generator applications. Of the facilities approved, 2,652 (about 99 percent) use Tier I resources (including biomass, methane from landfill gas, solar, and wind) and 15 (roughly 1 percent) use Tier II resources (including hydroelectric and municipal solid waste). Since these renewable generators may be certified in other states that have an RPS requirement as well, the renewable energy credits associated with the generating capacity are not necessarily fully available to meet the District's RPS. Over the past year, the District has made significant progress in certifying solar generators for the RPS program, as the number of solar applications increased from 461 in 2009 to 2,034 in 2010. As of March 10, 2011, there are now 2,618 solar energy systems (including both solar photovoltaic and solar thermal) approved for the District's RPS, of which 231 are located within the District. The total reported capacity associated with the approved solar energy systems is about 35.7 megawatts ("MW"), with about 1.5 MW in the District.

The Council of the District of Columbia passed legislation to allow solar thermal systems in the District to obtain solar RECs, as well as make it easier for large commercial solar thermal systems to obtain solar RECs. Moreover, the Council is also considering new legislation, the *Distributed Generation Amendment Act of 2011*, which would substantially increase the RPS requirement for solar energy.

The Commission is participating in a collaborative effort with public utility commissions in Delaware and Maryland, supported by the U.S. Department of Energy, to develop a web-based platform to help streamline and automate the RPS application process—particularly solar energy applications. This effort will help reduce the burden on staff resources required to process a large volume of applications.

The Commission continues to address issues related to implementation of the RPS. Through its website, the Commission is making forms and the rules available, to help facilitate the process. In addition, a list of approved renewable generating facilities is posted on the Commission's website.

¹ According to § 34-1433(f) of the D.C. Official Code, on or before December 31, 2009, an electricity supplier shall receive 110% credit toward meeting the renewable energy portfolio standard for energy derived from methane or wind resources. A similar credit of 110% applies to solar energy resources.

I. Introduction

The District of Columbia Council enacted the Renewable Energy Portfolio Standard Act (“REPS Act”) on January 19, 2005 and established a renewable energy portfolio standard (“RPS”), through which a minimum percentage of District electric providers’ supply must be derived from renewable energy resources beginning January 1, 2007. The RPS minimum requirements, among other things, were amended by the Clean and Affordable Energy Act (“CAE Act”) of 2008.²

Renewable energy resources are divided into two categories, Tier I and Tier II, with Tier I resources including solar energy, wind, biomass, methane, geothermal, ocean, and fuel cells, and Tier II resources including hydroelectric power other than pumped storage generation and waste-to-energy. Although minimum percentage requirements are specified for Tier I and Tier II resources, Tier I resources can be used to comply with the Tier II standard. In addition, a minimum requirement is carved out specifically for solar energy. The REPS Act allows an electricity supplier to begin receiving and accumulating renewable energy credits as of January 1, 2006.

The REPS Act required that the Commission adopt regulations, or orders, governing the application and transfer of renewable energy credits (“RECs”) and implementation of the REPS Act. The Commission was also tasked with establishing standards to account for customer generation from eligible renewable resources. The RPS rules became effective upon the publication of the Notice of Final Rulemaking in the *D.C. Register* on January 18, 2008.

The Commission must also provide a report to the Council, on or before April 1 of each year, on the status of implementation of the Act, including the availability of Tier I renewable sources, certification of the number of credits generated by the utilities meeting the requirements of D.C. Official Code § 34-1432—which outlines the minimum percentages to be derived from certain renewable resources—and any other such information as the Council shall consider necessary. This annual report fulfills the reporting requirement outlined in the REPS Act.

In Section II, we provide a summary of the steps that the Commission has taken to implement the RPS in the District. Section III reviews the RPS compliance reports submitted for the 2009 compliance year. In Section IV, we present some information on the current availability of renewable resources. Finally, Section V summarizes other ongoing actions to implement the RPS in the District and next steps. In addition, we include Attachment 1, which provides a national perspective on what other states are doing with respect to the implementation of a renewable portfolio standard. Attachment 2 contains a list of selected orders that the Commission has issued to implement the RPS. Lastly, Attachment 3 provides a list of renewable generators that have been certified for the District’s RPS as of March 10, 2011.

² D.C. Official Code § 34-1432(c) (2009 Supp.).

II. Summary of the Implementation of the Renewable Energy Portfolio Standard

This section provides a brief description of the history of actions that the Commission has undertaken to implement the RPS.³ In order to establish a record and to begin implementation of the Act, the Commission issued Order No. 13566 on April 29, 2005, inviting interested parties to submit their views on twelve (12) RPS-related issues. The twelve issues addressed:

- the process and timeline that the Commission should adopt to implement the Act;
- the procedure to apply for, verify, and transfer renewable energy credits;
- the type(s) of renewable energy projects that are feasible within the District;
- the process for certifying the eligibility of generating facilities;
- the standards that should apply to customer generators;
- the information that should be submitted in an electricity supplier's annual compliance report;
- the appropriate procedures for cost recovery by PEPCO;
- the standards that the Commission should employ for determining whether the compliance costs claimed by PEPCO were prudently incurred;
- the verification of an electricity supplier's compliance with the RPS;
- the imposition of an administrative fee;
- the data and confidentiality concerns of stakeholders; and
- the states that qualify as being within or adjacent to the PJM Interconnection Region.

In Order No. 13766, released on September 23, 2005, the Commission addressed the various issues based on the record developed in response to Order No. 13566. Among other things, the Commission directed interested parties to form a RPS Working Group to examine in more detail certain issues related to the implementation of the REPS Act, and to propose a timeline and recommendations for a two-phased approach to resolving those issues.⁴ The Commission also indicated that the PJM Environmental Information Services ("PJM-EIS") Generation Attribute Tracking System ("GATS") would be used in the implementation of the Act. In addition, the Commission indicated its intent to establish regulations to govern the application and transfer of RECs, on an interim basis, prior to January 1, 2006.

RPS Rules

Based on input from the Working Group, the Commission established interim RPS rules in Order No. 13840 (December 28, 2005). These rules were subsequently amended in Order No. 13899 (March 27, 2006) and Order No. 14225 (March 2, 2007). The Commission eventually established a formal rulemaking process and on November 2, 2007 a Notice of Proposed Rulemaking ("NOPR") appeared in the *D.C. Register* requesting comments on revised RPS rules that were based, in part, on the interim RPS rules. After receiving and reviewing comments on the NOPR, the Commission issued Order No. 14697 (January 10, 2008) and adopted Chapter 29 of Title 15 District of Columbia Municipal Regulations ("Final Rules"). The Final Rules became

³ Attachment 2 of this Report contains a list of selected Commission Orders and Notices addressing the implementation of the RPS program.

⁴ In Attachment A of Order No. 13766, the Working Group was asked to address 23 issues.