

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

PUBLIC NOTICE

August 6, 2021

FORMAL CASE NO. 1017, IN THE MATTER OF THE DEVELOPMENT AND DESIGNATION OF STANDARD OFFER SERVICE IN THE DISTRICT OF COLUMBIA,

1. The Public Service Commission of the District of Columbia (“Commission”) hereby gives notice that on July 21, 2021, the Potomac Electric Power Company (“Pepco” or “Company”), acting in its role as the Standard Offer Service (“SOS”) Administrator, filed, on behalf of the SOS Working Group, the proposed Wholesale Full Requirements Service Agreement (“WFRSA”) and Request for Proposals (“RFP”) for the 2021-2022 SOS Solicitation pursuant to 15 DCMR § 4101.3.¹

2. Each year by August 1, the SOS Administrator is required to file a WFRSA and RFP for the upcoming SOS solicitation.² Prior to that submission, the Company convenes the SOS Working Group to consider whether and to what extent the WFRSA and RFP should be revised or updated. In its July 21, 2021, filing, Pepco proposes four (4) changes to the 2021-2022 RFP and one (1) change to the 2021-2022 WFRSA.³ Pepco notes that, as there were no objections to any of Pepco’s proposed changes during the SOS Working Group meeting, these changes were incorporated into the 2021-2022 WFRSA and RFP filed July 21, 2021.⁴

3. On June 29, 2021, Pepco, as the SOS Administrator, convened an SOS Working Group meeting to discuss changes to the 2021-2022 WFRSA and RFP. At that meeting, Pepco continued the discussion of its two proposed options to address capacity price uncertainty due to the delay in PJM’s Base Residual Auction for delivery years 2023-2024 and 2024-2025, resulting from the Federal Energy Regulatory Commission-ordered changes to PJM’s Minimum Offer Price Rule. The first option would be to use the same proxy price that was in used in the last RFP, which was an average of the 2020-2021 and 2021-2022 BRA results multiplied by 0.9, or \$102.22/MW-day. The second option would be to update the proxy price using the 2022-2023

¹ *Formal Case No. 1017, In the Matter of the Development and Designation of Standard Offer Service in the District of Columbia*, Standard Offer Service Working Group’s Proposed Wholesale Full Requirements Service Agreement and Request for Proposals for the 2021 to 2022 SOS Solicitation, filed July 21, 2021 (“SOS Working Group’s Proposed WFRSA and RFP”).

² The specific procurement format, process, timeline, evaluation process, evaluation criteria, and model contract for the procurement of electricity supply shall be submitted to the Commission for its approval by the SOS Administrator by August 1 of the year prior to delivery. 15 DCMR § 4101.3 (2015).

³ SOS Working Group’s Proposed WFRSA and RFP.

⁴ SOS Working Group’s Proposed WFRSA and RFP.

BRA results, so the new proxy price would be an average of the 2021-2022 and 2022-2023 BRA results multiplied by 0.9, or \$106.43/MW-day.

4. Subsequent to the Working Group meeting, the Company surveyed suppliers to solicit their preference on which capacity proxy price to use. According to Pepco, a majority opted for the updated capacity proxy price.⁵ As a result, in this filing, Pepco proposes to utilize option 2 (the \$106.43/MW-day updated capacity proxy price) in the SOS auction when the Zonal Net Load Price for capacity resulting from the BRA is unknown.⁶

5. During the working group meeting, Pepco also discussed switching from an upfront 15% Performance Assurance requirement to a daily Mark to Market calculation to determine exposure to the utility. Pepco surveyed the suppliers, and all who responded were in favor of the change to a Mark to Market calculation. Pepco is also in favor of this change. Pepco understands that such a change would require changes to the Commission rules and has not included this proposed collateral change in the filing but would be open to discussing and implementing this change in the future.⁷

6. Pepco proposes the following changes to the RFP:

- (1) Section 2.1, “Supply Requirement Overview”, advise suppliers to incorporate an updated capacity price component of \$106.43 per megawatt-day into their offers to supply Residential and Small Commercial full requirements wholesale service for each month in the contract term that the Zonal Net Load Price for capacity resulting from the Base Residual Auction is unknown at the time Suppliers provide their offers.⁸;
- (2) Section 3.4 and 3.5, “Eligibility Requirements” removes language surrounding the submittal of eligibility documents in neighboring PHI SOS jurisdictions to meet the requirements in DC;
- (3) Appendix A, revised timeline; and
- (4) Remove Appendix I – SOS Rules Related to the Community Renewable Energy Amendment Act of 2013.

7. Pepco proposes the following changes to the WFRSA:

⁵ SOS Working Group’s Proposed WFRSA and RFP at 2.

⁶ SOS Working Group’s Proposed WFRSA and RFP.

⁷ SOS Working Group’s Proposed WFRSA and RFP at 2.

⁸ Based on the current BRA Auction Schedule, for Tranche 1, suppliers will use the capacity proxy price for the June 1, 2023, through May 31, 2024, and June 1, 2024, through May 31, 2025 delivery years, and for Tranche 2, suppliers will use the capacity proxy price for the June 1, 2024, through May 31, 2025 delivery year.

- (1) Article 7.1(j), "Billing", make the language more clear for suppliers to incorporate a capacity price component of \$106.34 per megawatt-day into their offers to supply full requirements wholesale service.

8. All persons interested in commenting on the proposed WFRSA and RFP may submit written comments not later than seven (7) calendar days after the Commission's issuance of this Notice. Comments are to be sent electronically and addressed to Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia, 1325 G Street, N.W., Suite 800, Washington, D.C. 20005. Copies of the proposed WFRSA and RFP may be obtained by visiting the Commission's website at www.dcpsc.org. Once at the website, open the "eDocket" tab, click on "Search Current Dockets", click on the "Advanced Search" button and input "FC1017" as the case number and "901" as the item number. Copies of the documents may also be purchased, at cost, by contacting the Commission Secretary at (202) 626-5150 or psc-commissionsecretary@dc.gov.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:

CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**