

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

**PUBLIC NOTICE**

**August 29, 2019**

**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:

- (1) On July 30, 2019, 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 2019-2020 SOS Solicitation pursuant to 15 DCMR § 4101.3;<sup>1</sup> and
- (2) On August 15, 2019, Pepco filed, on behalf of the SOS Working Group, a letter detailing the Working Group’s efforts to evaluate options regarding whether and how to alter the SOS procurement process for 2019-2020 SOS solicitation given the Federal Energy Regulatory Commission’s (“FERC”) cancellation of the 2022-2023 capacity auction.<sup>2</sup>

2. Each year by August 1, the SOS Administrator is required to file a WFRSA and RFP for the upcoming SOS solicitation.<sup>3</sup> 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 30, 2019, filing, Pepco states that the SOS Working Group identified

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<sup>1</sup> *Formal Case No. 1017, In the Matter of the Development and Designation of Standard Offer Service in the District of Columbia* (“*Formal Case No. 1017*”), Standard Offer Service Working Group’s Proposed Wholesale Full Requirements Service Agreement and Request for Proposals for the 2019 to 2020 SOS Solicitation, filed July 30, 2019 (“SOS Working Group’s Proposed WFRSA and RFP”).

<sup>2</sup> *Formal Case No. 1017*, Letter from Dennis P. Jamouneau, Assistant General Counsel, Potomac Electric Power Company (“Pepco”), to Brinda Westbrook-Sedgwick, Commission Secretary, Public Service Commission of the District of Columbia (“Commission”), filed August 15, 2019 (“Pepco’s Letter”). *See also Calpine Corp. v. PJM Interconnection, L.L.C.*, 168 F.E.R.C. ¶ 61,051 (July 25, 2019).

<sup>3</sup> 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).

five (5) substantive proposed changes to the 2019-2020 RFP.<sup>4</sup> There were no proposed substantive changes to the 2019-2020 WFRSA.

3. Subsection 2.5 of the 2019-2020 RFP has been revised to eliminate the minimum stay provision for commercial customers. In addition, Subsections 4.1 and 4.2 of the RFP have been modified to reflect the switch to the Ariba bid application. Section 7 has been revised to require the posting of usage data for the previous five years. The timeline in Appendix A has been updated for the 2019-2020 procurement schedule. Finally, the Bid Form Spreadsheets in Appendix E have been revised to conform with the switch to the Ariba bid application.<sup>5</sup>

4. In its July 30, 2019 filing, in addition to describing the substantive changes to the RFP, Pepco notes that FERC issued an order on July 25, 2019, directing that PJM cancel the 2022-2023 capacity auction, which was scheduled to held in August 2019. As Pepco noted, “FERC’s order and the ensuing delay in the capacity auction have potential ramifications on the SOS auction and process.”<sup>6</sup>

5. Small commercial and residential bid blocks for the 2019-2020 auction are for three (3)-year terms beginning June 1, 2020, and ending May 31, 2023.<sup>7</sup> Since FERC has postponed the capacity auction for the PJM service year, June 1, 2022, through May 31, 2023, potential bidders for residential and small commercial service for the 2019-2020 SOS solicitation would be faced with fashioning their bids for the final year without knowing what the prevailing PJM capacity price would be. Accordingly, in the July 30, 2019, filing, Pepco notes that it will “convene a Working Group and SOS supplier meeting the week of August 5<sup>th</sup>, 2019 to discuss options to address the uncertainty of the 2022-2023 capacity prices and suggest a recommendation to remediate the possible effect on SOS prices.”<sup>8</sup>

6. In its August 15<sup>th</sup> Letter, Pepco states that as the SOS Administrator, it held an SOS Working Group and Supplier meeting on August 8, 2019. Participants at that meeting considered the following four (4) options:

- (1) Maintain the status quo and bid-out residential and small commercial service for a three (3)-year term without making any changes to the procurement process;
- (2) Change the residential and small commercial three (3)-year term to a two (2)-year term (June 1, 2020, through May 31, 2022). Hold a separate auction for the year June 1, 2022, through May 31, 2023,

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<sup>4</sup> SOS Working Group’s Proposed WFRSA and RFP.

<sup>5</sup> SOS Working Group’s Proposed WFRSA and RFP.

<sup>6</sup> SOS Working Group’s Proposed WFRSA and RFP (citation omitted in original).

<sup>7</sup> *See generally* SOS Working Group’s Proposed WFRSA, Exhibit B-1, Initial Notice of Performance Assurance.

<sup>8</sup> SOS Working Group’s Proposed WFRSA and RFP.

during the 2019-2020 procurement cycle either on the date scheduled for the contingency tranche or some date thereafter;

- (3) Change the residential and small commercial three (3)-year term to a two (2)-year term (June 1, 2020, through May 31, 2022). Hold a separate auction for the year, June 1, 2022, through May 31, 2023, during the 2020-2021 or a subsequent procurement cycle; or
- (4) Suppliers incorporate a capacity price of \$0/MW-day into their bids for the delivery year, June 1, 2022, through May 31, 2023. Pepco will reimburse SOS suppliers for the final Pepco zone capacity price for that year times the daily unforced capacity (“UCAP”) obligation.<sup>9</sup>

Pepco notes that, “[d]uring the meeting, the participants did not agree on eliminating any options or come to a consensus on a preferred option.”<sup>10</sup> Pepco, therefore, sent out a poll with the four (4) options asking suppliers to indicate their preference. Eight (8) suppliers responded to the poll as follows: 1) One (1) supplier preferred Option 1; 2) Three (3) suppliers preferred Option 3; and 3) Four (4) suppliers preferred Option 4. No supplier favored Option 2.<sup>11</sup>

7. All persons interested in commenting on the proposed WFRSA and RFP and the Options presented in Pepco’s August 15<sup>th</sup> Letter may submit written comments not later than seven (7) calendar days after the Commission’s issuance of this Notice. Comments are to be 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 as well as the August 15<sup>th</sup> Letter may be obtained by visiting the Commission’s website at [www.dcpsc.org](http://www.dcpsc.org). Once at the website, open the “eDocket” tab, click on “Search database” and input “FC1017” as the case number and “841” and “843” as the item numbers. Copies of the documents may also be purchased, at cost, by contacting the Commission Secretary at (202) 626-5150 or [PSC-CommissionSecretary@dc.gov](mailto:PSC-CommissionSecretary@dc.gov).

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<sup>9</sup> Pepco’s Letter at 1.

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<sup>11</sup> Pepco’s Letter at 1.