

Electric Restructuring — Formal Case No. 945 and subsequent cases

Chronology of Events

Background

Per Order No. 10720, the District of Columbia Public Service Commission initiated Formal Case No. 945 in 1995 to investigate whether opening the retail electricity market to competition would be in the public interest.

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Pilot Customer Choice Programs

Per Order Nos. 11576 (issued December 31, 1999) and 11796 (issued September 18, 2000), effective January 1, 2001, all residential and commercial electricity customers in the District of Columbia have been able to choose an alternative electricity generation and transmission supplier, while PEPCO continues to be the sole distribution company. PEPCO also continues to be responsible for all emergencies. In the new era, PEPCO's services are split into two components -- production (generation) and transmission on the one hand and delivery (distribution) on the other -- with the generation and transmission portions open to competition. While consumers are able to select their electric generation and transmission supplier, PEPCO is still the sole deliverer of power to homes and businesses. The generation and transmission suppliers include PEPCO and other certified suppliers who meet technical and operational standards set by the Commission. Meanwhile, the Commission continues to oversee electric service in D.C. and assure reliability and quality of service to all customers.

Consumers who do not choose an alternative electricity supplier for generation and transmission service continue to receive such service from PEPCO. To decide whether to select a generation and transmission supplier, consumers should take the time to carefully address the following questions:

- (1) What prices, terms and conditions are offered by the suppliers?
- (2) Do the suppliers use renewable energy sources?
- (3) What are the billing and payment options offered by the new suppliers?

The Commission has devised Energy Savings tables and a calculator to assist residential and small commercial consumers in deciding whether to switch their generation and transmission services among PEPCO and other alternative energy suppliers.

As the new competitive marketplace evolves, the Commission continues to play an

active role in ensuring that customers and the environment are protected. The Commission oversees the transition to competition and continues to regulate service provided by the utility, ensuring the electric generation and transmission suppliers meet the Commission's requirements for serving D.C. customers and working with other relevant agencies to carry out outreach and education programs to help consumers make informed choices.

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Price-to-Compare Information

On September 19, 2001, the Commission issued Order No. 12186 which identified the price-to-compare information to be posted on the Commission's website. In this order, the Commission adopted tables, which calculate the impact of switching to alternative electric suppliers for their generation and transmission service. OPC, industry participants, and suppliers, as appropriate, are encouraged to establish hyperlinks to the price-to-compare information on the Commission's website. Rates and other information provided by suppliers for inclusion and subsequent posting on www.dcpssc.org should be forwarded to the Commission within three days of the stated posting date to ensure the accuracy of the posted information.

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Status of Retail Competition

As of January 2016, twenty-two (22) alternative generation and transmission suppliers, AEP Energy, Direct Energy, Public Power, NextEra Energy Services, WGL Energy Services, Horizon Power and Light, Liberty Power, Constellation NewEnergy, NRG Home, Starion Energy, Viridian Energy, Clearview Energy, Stream Energy, Ambit Energy, IDT Energy, Ethical Electric, Consolidated Edison Solutions, DC Gas and Electric, Eligo Electric, MidAmerican Energy, Agera Energy, and Xoom Energy are serving the District's residential sector. Thirty (30) alternative generation and transmission suppliers are serving non-residential customers. They are: WGL, AEP Energy, Constellation NewEnergy, Consolidated Edison Solutions, Noble Americas Energy Solutions, GDF Suez Energy Resources, Horizon Power and Light, Liberty Power, Direct Energy, Integrys Energy Services, NextEra Energy Services, MidAmerican Energy, Public Power, UGI Energy Services, Devonshire Energy, NRG Energy, Starion Energy, Viridian Energy, Clearview Energy, Stream Energy, Ambit Energy, Ethical Electric, Champion Energy, Eligo Energy, IDT Energy, PPL Energy, Agera Energy, Energy Me, DC Gas and Electric, and Xoom Energy. As of January 2016, alternative suppliers accounted for 13.2 percent of residential customers and 34.6 percent of non-residential customers. As another measure, 14.9 percent of residential MW demand and 83.8 percent of non-residential MW demand was supplied by the alternative generation and transmission suppliers. These same

suppliers accounted for 12.7 percent of residential usage (MWH) and 85.6 percent of non-residential usage. Month-by-month changes can be found on the Commission's website under Customer Information/Electric Choice/Status of Electric Retail Competition.

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Divestiture of PEPCO's Plants

In 1999, PEPCO filed an application with the Commission, requesting authority to sell its generating plants and purchased power agreements. On December 30, 1999, the Commission issued Order No. 11576, which accepted, with conditions, a non-unanimous settlement agreement authorizing PEPCO to sell most of its generation assets (all seven plants except two plants located in D.C.)

As of January 8, 2001, PEPCO completed the sale of its generation plants. On December 19, 2000, PEPCO completed the closing on the sale of the bulk of its electric power plants and other generation assets to Mirant Corporation for \$2.75 billion. PEPCO also transferred ownership of its two District of Columbia plants (Benning and Buzzard Point) to a new unregulated subsidiary, Potomac Power Resources, Inc., and these two plants are operated by Mirant. In December 2000, PEPCO also signed a four-year contract with Mirant Corporation to buy back the power its customers need at prices below PEPCO's current average cost of production. Finally, on January 8, 2001, PEPCO completed the sale of its 9.7 percent interest in the Conemaugh Generation Station near Johnstown, Pa. to Allegheny Energy, Inc. and PPL Corporation for \$156 million.

Divestiture of PEPCO's generation plants has also enabled PEPCO's customers to not have to pay any stranded costs (costs which are not economical in the new competitive environment). This certainly reduces customers' rate burdens.

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Electric Rate Reductions and Rate Caps

Order No. 11576, issued December 30, 1999, also authorized a 7 percent reduction in PEPCO's rates for residential customers and a 6.5 percent reduction in rates for commercial customers, to be implemented in three phases.

The first rate reduction was effective January 1, 2000 and reflected the elimination of the Demand-Side Management surcharge. This represented a 2 percent rate reduction for residential customers and a 3.5 percent rate reduction for commercial customers. The second rate reduction was effective on July 1, 2000, and it reflected a 1.5 percent across-the-board base rate reduction for both residential and commercial customers.

The third rate reduction took effect on February 8, 2001. Residential ratepayers received another 3.5 percent rate reduction and commercial ratepayers received another 1.5 percent reduction.

The Commission's December 1999 order also capped total rates after all of the rate reductions were to be implemented. The caps were to be effective until February 7, 2007 for low-income Residential Aid Discount (RAD) customers; for all other residential and commercial customers, rates were capped for four years (until February 7, 2005).

Based on the Commission's Order in the PEPCO/Conectiv Merger case (F.C. No. 1002), PEPCO's distribution rates will be capped at the February 7, 2005 levels for 30 months from February 8, 2005 through August 7, 2007 for non-RAD customers and through August 31, 2009 for RAD customers. On February 8, 2005, the generation and transmission rate cap for non-RAD customers were lifted. New Standard Offer Service rates were implemented starting February 8, 2005. The cap on the generation rates for RAD customers will be lifted on February 8, 2007. After receiving comments, on December 13, 2006, the Commission issued Order No. 14139, which established the new RAD generation rates effective February 8, 2007.

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Divestiture Sharing Credits

On September 19, 2001, in Order No. 12159, and on October 10, 2001, in Order No. 12203, the Commission ordered PEPCO to distribute divestiture sharing credits to customers. Residential customers received \$75.39 per household and commercial customers received 0.393 cents per kWh for the annual usage ending March 31, 2001. The total credits distributed to customers amounted to \$51.85 million.

The Commission has initiated a second phase of this proceeding to determine whether additional divestiture proceeds exist and should be shared with ratepayers. A "Phase II" hearing was held on June 26th and 27th, 2002.

On November 7, 2002, in Order No. 12593, the Commission approved the distribution of an additional \$24 million in divestiture sharing credits to residential and business ratepayers. Thus, as of December 18, 2002, the total amount of divestiture sharing credits approved by the Commission amounts to \$75.85 million, and each household will have received a total of \$80.42 of divestiture sharing credits by the end of the year.

On November 20, 2008, PEPCO filed proposed updates to Riders "DS-R" Divestiture Sharing Credit Residential and "DS-NR" Divestiture Sharing Credit Non-Residential, which would share the remaining amounts from the Mirant Settlement related to the Panda Purchased Power Agreement with District of Columbia customers. According

to PEPCO's proposal, residential customers would receive bill credits totaling \$4.4 million and non-residential customers would receive \$20.3 million. Residential households, on average, will receive a \$17 credit, if approved. The Commission issued a Notice of Proposed Rulemaking (NOPR) requesting comments on PEPCO's filing in December 2008. No comments were received. A NOFR approving the credits was issued on March 13, 2009.

On May 18 and July 16, 2010, the Commission issued Order Nos. 15810 and 15883 which resolved all of the outstanding issues related to the proper methodology for calculating ratepayers' share of PEPCO's net generation proceeds. As a result, PEPCO's District customers will receive credits in September 2010 bills totaling \$10.8 million. This latest credit is the fourth and final refund to be received by District electric customers as a result of the 1999 settlement agreement between PEPCO and several other parties in which PEPCO agreed to share the profits received from the sale of its generation assets. Each individually metered residential customer will receive a one-time credit of \$7.83 on bills rendered for the billing month of September 2010.

After receipt of this final refund, District electric customers will have received a total of \$94.4 million in divestiture sharing credits from PEPCO.

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Generation Procurement Credits

During the four-year rate cap period from 2001 to 2004, if the costs of acquiring power for Standard Offer Service (SOS) customers are less than the unbundled generation rates, the savings will be shared by PEPCO's customers and its shareholders through a Generation Procurement Credit (GPC) on a cents per kWh basis. The GPC is calculated by taking the difference between the contract payment to Mirant and the SOS generation revenue (the unbundled generation component for PEPCO). On August 2, 2002, the Commission issued Order No. 12452, which approved PEPCO's proposed GPC rider, consisting of bill credits totaling \$41.6 million. PEPCO began distributing the GPC to customers on August 15, 2002. On May 20, 2003, the Commission issued Order No. 12738, which approved PEPCO's proposed GPC for the second application period. This application consists of bill credits totaling \$20 million. On September 13, 2004, the Commission issued Order No. 13378 approving PEPCO's proposed Generation Procurement Credit Rider filed on April 28, 2004. The approved Rider GPC became effective with the billing month of October 2004, and will provide bill credits totaling \$11 million to the District's commercial customers. The net GPC credit for residential customers was determined to be zero, since the residential class's guaranteed rate reduction exceeded its share of PEPCO's net generation procurement margins.

On October 24, 2005, the Commission issued Order No. 13794, which approved PEPCO's proposed Generation Procurement Credit Rider filed on July 12, 2005. The approved GPC rider became effective with bills rendered on and after November 14, 2005, and will provide bill credits totaling \$150,642 to the District's commercial

customers or \$0.00002 per kWh. The net GPC credit for residential customers was determined to be zero, since the residential class's guaranteed rate reduction exceeded its share of PEPCO's net generation procurement margins over the period. PEPCO made a new GPC filing on February 27, 2006 and amended that filing on March 22, 2006. On June 15, 2006, the Commission issued Order No. 13968, which granted conditional approval of PEPCO's application and will provide ratepayers with an immediate credit of \$24.3 million. PEPCO made a compliance filing on June 28, 2006. Based on the compliance filing, the applicable residential GPC is \$0.000358 per kWh and the non-residential GPC is \$0.002447 per kWh, starting with the July 2006 billing month. To date, the Commission has authorized distribution of \$97 million ratepayer credits. In Order No. 14143, issued December 15, 2006, the Commission required PEPCO to address additional questions on the GPC. PEPCO filed a response on January 17, 2007. On May 24, 2007, the Commission issued Order No. 14304 which concluded that all the questions concerning PEPCO's March 22, 2006 GPC filing have been answered satisfactorily; thus, the Commission approved PEPCO's amended GPC Rider without condition.

On April 25, 2008, PEPCO filed a proposed update to its Generation Procurement Credit Rider "GPC." PEPCO's filing sought to provide a final GPC "true-up" for the period covering November 2005 through February 2008. Only non-residential customers would receive a GPC credit under PEPCO's filing. On September 18, 2008, PEPCO filed an update to correct its proposed non-residential GPC credit from \$0.000068 to \$0.000056 per kWh, in order to return \$528,431 to non-residential customers. On November 21, 2008, the Commission published a NOPR in the *D.C. Register* requesting comments on PEPCO's corrected GPC filing. No comments were filed. A NOFR approving PEPCO's updated credit was published on March 6, 2009.

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Retail Electric Restructuring Legislation and Working Group

At the same time that the Commission was adjudicating the divestiture of PEPCO's plants, the D.C. Council adopted new legislation entitled, "The Retail Electric Competition and Consumer Protection Act of 1999." The Commission devoted much of 2000 to implementing this law. More specifically, the Commission directed the parties to form a Retail Choice Working Group and 7 sub-working groups to address many electric restructuring issues, such as: (1) customer protection; (2) customer education; (3) billing and metering; (4) supplier licensing/procedures; (5) codes of conduct; (6) technical implementation; and (7) universal service.

The Working Group filed a Report with its recommendations to the Commission on May 23, 2000. Subsequently, comments and reply comments were filed on consensus issues and non-consensus issues. The Commission held a legislative hearing on June

30, 2000, to discuss these issues. The Commission's decision on the Working Group Report was issued on September 18, 2000 in Order No. 11796.

The Retail Choice Act gave the Commission until January 1, 2004 to achieve 100 percent retail electricity choice for all customer classes. However, based on December, 1999 and September 18, 2000 Orders, the Commission approved the implementation of retail choice programs for both residential and commercial customers by January 1, 2001. The September 18, 2000 Order No. 11796 also established a detailed implementation plan for retail choice and set up the guidelines, procedures and standards for consumer protection, certification of suppliers, and Electronic Data Interchange (EDI).

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Electric Rate Unbundling

To facilitate retail choice and ensure non-discriminatory service, retail rates had to be unbundled by separating them into generation, transmission, and distribution functions. Unbundling enables customers to compare generation and transmission prices among alternative suppliers. The Commission issued its unbundled rates order (Order No. 11845) on December 5, 2000 and determined "shopping credits" or "price to compare".

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Licensing Requirements for Alternative Electricity Suppliers

On September 18, 2000, in Order No. 11796, the Commission adopted interim regulations governing licensing requirements for alternative generation and transmission suppliers. On December 18, 2000, the Commission issued Order No. 11862, which specified additional deposit and bonding standards for certifying suppliers. The Commission established the same deposit caps for small commercial and residential customers. Any electricity supplier applicant that intends to, or that actually does, accept deposits and/or prepayments from customers must provide a Customer Payments Bond in an initial amount of \$50,000. That amount shall be periodically adjusted to ensure that it covers the actual amount of deposits and/or prepayments.

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Current List of Certificated Alternative Electricity Suppliers/Aggregators/Brokers

As of March 3, 2016, the Commission has certificated one hundred and seventy-one

(171) alternative generation and transmission suppliers/aggregators/brokers as follows:

1. Constellation NewEnergy, Inc.,
2. Allegheny Energy Supply Company, LLC,
3. AOBA Alliance Inc.,
4. BGE HOME,
5. Reliant Energy Solutions East, LLC,
6. Dominion Retail Inc.,
7. FirstEnergy Services Corp.,
8. Mid-Atlantic Aggregation Group Indep. Consortium,
9. PEPCO Energy Services, Inc., d/b/a PEPCO Energy Services,
10. SmartEnergy,
11. Washington Energy Consortium,
12. Washington Gas Energy Services, Inc.
13. Cook Inlet Power, LP.
14. Sempra Energy Solutions
15. Select Energy
16. Consolidated Edison Solutions
17. Strategic Energy
18. EnergyWindow
19. Hess
20. Liberty Power
21. SUEZ Energy Resources NA, Inc.
22. BlueStar Energy Services, Inc.
23. Direct Energy Services
24. South Jersey Energy
25. American PowerNet
26. Horizon Power and Light, LLC.
27. World Energy Solutions, Inc.
28. Gexa Energy District of Columbia, LLC.
29. Integrys Energy Services, Inc.
30. Glacial Energy of Washington D.C., Inc.
31. Ohms Energy Company, LLC
32. LPB Energy Consulting
33. MidAmerican Energy Company
34. Global Energy
35. Electric Advisors Inc.
36. NUS Consulting Group
37. UGI Energy Services/Gasmark
38. Energy Advisory Service
39. Tradition Energy
40. Qvinta Energy Services
41. Avalon Energy Services
42. Energy Professionals
43. Acclaim Energy Advisors

44. Paetec Energy
45. Rapid Power Management, LLC
46. Clearview Electric, Inc.
47. Clean Currents Energy Services
48. NetGain Energy Advisors
49. Reliant Energy Northeast LLC
50. Devonshire Energy LLC
51. Patch Energy Services, LLC
52. Reliable Power Alternatives Corp.
53. Energy Shopper, LLC
54. Gold Star Energy Group, Inc.
55. Green Power Management Solutions
56. Ameresco, Inc.
57. Amerex Brokers LLC
58. Unified Energy Services, LLC
59. Open Market Energy, LLC
60. TES Energy Services, LP
61. Sustainable Star LLC
62. EMEX Power, LLC
63. Energy Plus Holdings LLC
64. 5Linx Enterprises, Inc.
65. HealthTrust Purchasing Group, LP
66. Energy Edge Consulting, LLC
67. Utility Savings Solutions LLC
68. Green Mountain Energy
69. Energy Trust, LLC
70. Viridian Energy PA LLC
71. Global Energy Market Services, LLC
72. Consumer Energy Solutions, Inc.
73. Taylor Consulting and Contracting, LLC
74. The DC Project, Inc.
75. Ecova, Inc.
76. Public Power of DC, LLC
77. BidURenergy, Inc.
78. Resource Energy System, LLC
79. Simec LLC
80. Think Energy
81. Stream Energy Columbia, LLC
82. Starion Energy PA Inc.
83. People's Power and Gas, LLC
84. Ambit Energy
85. Affiliated Power Purchasers International, LLC
86. Early Bird Power LLC
87. Patriot Energy Group, Inc.
88. Energy Enablement
89. Phalanx Energy Services

90. EnerNoc
91. Incite Energy
92. IDT Energy
93. Utilities Analyses
94. Better Cost Control
95. Clear Choice Electricity
96. MCENERGY
97. Satori Energy
98. 5
99. Pinnacle Energy Services
100. PPL Energy Plus
101. Downing Place, LLC
102. Bollinger Energy Corp.
103. Clear Energy Solutions
104. Ethical Electric
105. Prospect Resources
106. Better Cost Energy
107. American Power Partners
108. Verdigris Energy
109. Atlas Commodities
110. PJM Wholesale Brokers
111. Maryland Energy Advisors
112. Community Purchasing Alliance
113. Infinity Power Partners
114. TPI Efficiency
115. Diversegy
116. Castlebridge Energy Group
117. American Utility Management
118. Premier Energy Group
119. Commercial Utility Consultants
120. Eligo Energy DC
121. Champion Energy Services
122. Community Energy
123. AP Gas and Electric
124. Energy Spectrum
125. Live Energy
126. CQI Associates
127. Energy.me Midwest
128. Innov8Energy
129. Energy Services Providers
130. Summit Energy Service
131. National Energy Group
132. LVI Power
133. Xoom Energy
134. Global Energy
135. Nextility

136. America Approved Commercial
137. Emissions Consult
138. SourceOne
139. Epiq Energy
140. Peoples Choice Energy Solutions
141. Energy Auction House
142. Energy Choice Solutions
143. Quest Energy Solutions
144. Optimum Energy Solutions
145. CreativEnergy Options
146. Dynamis Energy
147. Metromedia Power
148. Best Practice Energy
149. Accenture
150. United Power Consultants
151. Verde Energy USA
152. Secure Energy Solutions
153. Salt House Energy Advisors
154. Manhattan Energy
155. Alternative Utility Services
156. I.C. Thomasson Associates
157. H.P. Technologies
158. MSI Utilities
159. Option One
160. Agera Energy
161. Front Line Power Solutions, LLC
162. Brightergy, LLC
163. Option Energy Solutions
164. Renaissance Power & Gas, Inc
165. Power Kiosk
166. Brookstone Energy
167. Progressive Energy Consultants
168. Major Electric Services, LLC
169. Source Power & Gas LLC
170. Ioway Energy, LLC
171. Burton Energy Group, Inc.

The Commission will continue certifying suppliers based on the supplier certification standards established in the September 18, 2000 and the December 18, 2000 orders.

Public Purpose Programs

On December 29, 2000, the Commission issued Order No. 11876, which established a Public Benefit Fund - Reliable Energy Trust Fund (RETF) - to cover Commission-authorized universal service (low-income), energy efficiency, and renewable resources programs. Renewable resources include solar, wind, geothermal and hydroelectric facilities etc. Using these resources to produce electricity will achieve a clean environment objective.

In July 2003, the Commission authorized the D.C. Energy Office to be the Reliable Energy Trust Fund Administrator and the Commission approved the first renewable resource program – the Renewable Electricity Generation Demonstration Program for D.C.

The Commission has approved three RETF programs which were implemented: (a) expansion of a low-income discount program; (b) a low-income weatherization program; and (c) a renewable resource demonstration program.

On July 8, 2004, the Commission held a status conference regarding RETF programs. In this conference, parties offered additional comments regarding DCEO's proposed long-term program plan filed on August 21, 2003. In response to the Commission's directives, DCEO submitted a revised RETF Plan on August 31, 2004. On March 7, 2005, the Commission issued Order No. 13475 that approved in part, and denied in part, DCEO's revised RETF Plan, which it filed on August 31, 2004.

In Order No. 13475, the Commission carefully evaluated all of the evidence pertaining to DCEO's revised RETF Plan, including available benefit/cost test results. In the order, the Commission approved thirteen (13) new programs on a two-year pilot basis. The Commission also determined that it was appropriate to continue funding the three (3) existing RETF programs. The newly approved programs address a number of RETF objectives, including: a) the promotion of renewable energy; b) increased energy efficiency awareness and public education; c) energy efficiency assistance to non-profit organizations, public schools and small businesses; d) increased use of Energy Star appliances by residential customers; e) new LIHEAP and arrearage assistance for low-income customers; and f) new appliance and weatherization programs for low-income customers. The Commission approved a total annual RETF program budget of approximately \$9.5 million and \$10.5 million, respectively, for the first and second years of the pilot. A detailed summary of the recently approved RETF programs and budgets is provided in Attachment A of Order No. 13475.

On August 11, 2005, the Commission held roundtable discussions with the parties regarding prospective new RETF programs. Participants from DCEO, OPC, PEPCO, EPA, American Council for an Energy Efficient Economy, Alliance to Save Energy, Energy Programs Consortium, and Coalition for Nonprofit Housing and Economic Development joined the discussions on RETF programs with the Commission. On November 1, 2005, the Commission issued Order No. 13796, which provided general

guidance for the Working Group to develop future programs. The Working Group filed its report on new programs on March 8, 2006. Parties filed comments and reply comments in March 2006. The Commission issued Order No. 13953 on May 31, 2006 which rejected both the Working Group Report and the Working Group's proposed RETF programs. In July, 2006 DCEO requested approval to be reimbursed from the RETF for its costs to perform the All Ratepayers Test (ART) to ensure its proposed programs are cost effective. On August 17, 2006, the Commission issued Order No. 14021 to invite comments. In November 2006, the Commission issued Order No. 14111, which authorized funding for the District's Department of the Environment Energy Office (DDOE) to conduct cost-effectiveness tests for its proposed new energy efficiency programs. The Commission also invited the Working Group to convene and consider methods by which RETF program development and implementation might be improved in the future. On March 26, 2007, PEPCO submitted comments in response to Order No. 14111. On March 27, 2007, DDOE submitted comments in response to Order No. 14111. DDOE also submitted the ART results for the new programs proposed in March 2006, including revised program proposals. On April 13, 2007, OPC filed reply comments to PEPCO and DDOE.

On May 11, 2007, DDOE requested an extension of time to administer ten (10) of the thirteen (13) RETF pilot programs, approved in Order No. 13475, until such time as the impact evaluations of the programs have been conducted, filed, and reviewed by the Commission and interested stakeholders, and the Commission has issued an Order concerning the future of the RETF programs. DDOE requested an expedited ruling on this matter, given that the RETF programs are set to expire at the end of May. The ten programs included:

- B-5: Distributed Generation and Net Metering
- C-3: Non-Profit Energy Efficiency Initiative
- C-5: Home Energy Rating System ("HERS")
- C-10: Institutional Energy Efficiency
- C-12: Energy Star Appliance and Lighting Rebates
- C-13: Small Business Energy Efficiency
- D-1: Low Income Home Energy Assistance Program ("LIHEAP") Extension
- D-3: RAD Arrearage Retirement and Education
- D-5: Low Income Appliances
- D-6: Weatherization Rehabilitation

In Order No. 14321 (issued May 31, 2007), the Commission granted DDOE's motion to temporarily extend the administration of the ten (10) programs until September 30, 2007. That Order also approved DDOE's request for additional funds subject to certain modifications.

On June 20, 2007, DDOE filed its *Motion for Extension of Time to Promote Programs C-1, C-2, C-4, C-6 and to Complete the Solar Home Project in Program C-4* ("Motion for Additional Extensions"). Notwithstanding its previous comments and conclusions in its May 11 motion for extending the administration of ten (10) RETF

programs, DDOE's Motion for Additional Extensions now requests the continuation of the awareness and marketing programs (i.e., C-1, C-2, C-4 and C-6) through September 30, 2007. In addition, DDOE specifically requested that the Commission permit the C-4 Solar Home Project to be completed. The Commission granted DDOE's motion in Order No. 14377, issued July 19, 2007, and temporarily extended DDOE's authority to administer the C-1/C-2, C-4, and C-6 programs until September 30, 2007.

Also, on June 20, 2007, in Order No. 14341, the Commission directed DDOE and PEPCO to implement the RAD Arrearages Retirement and Education Program (D-3) and to follow DDOE's enrollment process. DDOE was authorized to continue this program through September 30, 2007.

On July 26, 2007, the Commission issued Order No. 14394, which approved the budgets for programs C-5, C-13, D-5, and D-6. The budgets were approved from the date of the Order to September 30, 2007. The Commission previously extended DDOE's authority to administer these programs in Order No. 14321. However, Order No. 14321 also directed DDOE to file revised budgets for D-5 and D-6, and to review and possibly revise the C-5 and C-13 budgets. DDOE filed revised budgets for these programs on June 12, 2007. The Commission subsequently issued Order No. 14359, on July 6, 2007, which directed DDOE to answer questions regarding the revised program budgets. DDOE submitted its response to Order No. 14359 on July 11, 2007.

On August 21, 2007, in Order No. 14547, the Commission approved two new RETF programs—the Affordable Housing Energy Efficient Rebate Program and the Weatherization Rehabilitation and Asset Preservation Program. DDOE's authorization to administer the programs began as of the date of the Order and extends to August 21, 2009, subject to further review.

On August 29, 2007, DDOE filed a motion stating that it required additional funds for the C-12 program. By Order No. 14576, issued September 20, 2007, the Commission granted DDOE's Motion to Increase the Budget for the C-12 Program on an expedited basis.

On September 28, 2007, the Commission issued Order No. 14582 and temporarily extended DDOE's authority to administer the B-4, B-5, C-1/C-2, C-3, C-4, C-5, C-12, C-13, D-1, D-2, D-3, D-4, D-5, and D-6 programs. Programs D-1, D-2, and D-3 were extended until March 31, 2008, while the remaining programs were extended until December 31, 2007. Since no extension was requested for programs C-6 and C-10, those programs ended as of September 30, 2007.

On December 3, 2007, DDOE filed another motion, requesting an extension of eleven (11) RETF programs: including B-4, B-5, C-3, C-5, C-13, D-1, D-2, D-3, D-4, D-5, and D-6. An extension for programs C-1/C-2, C-4, and C-12 was not requested because, according to DDOE's impact evaluation report (submitted on October 15,

2007), these programs were found to be ineffective. On December 27, 2007, the Commission issued Order No. 14689 and granted DDOE's Motion for Extension of Eleven RETF Programs until September 30, 2008.

In Order No. 14776, issued April 2, 2008, the Commission directed DDOE to respond to certain queries and file revised budgets, as necessary, for the following proposed programs: New Commercial Building Construction Energy Efficiency, Existing Commercial Building Energy Efficiency, Government Building Energy Efficiency, and Condominium and Cooperative Building Energy Efficiency. DDOE filed its response in a timely manner on April 17, 2008.

While this proceeding was pending before the Commission, the Council of the District of Columbia had been considering Bill 17-492—the “Clean and Affordable Energy Act of 2008”—which, among other things, would create a Sustainable Energy Utility responsible for administering renewable energy and energy efficiency programs. In Order No. 14843, issued June 27, 2008, the Commission determined that the proposed legislation addressed specific program budgets, and in order to ensure that Commission-approved programs are funded, the Commission believed that it would be imprudent to act upon any new programs. As a result, the Commission suspended consideration of DDOE's four remaining energy efficiency programs until the conclusion of the legislative process with respect to Bill 17-492.

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Supplier Coordination Tariff

On February 1, 2001, in Order No. 11902, the Commission approved a supplier coordination tariff. The tariff specifies the registration and account maintenance fees suppliers need to provide to PEPCO for communication and EDI transactions. PEPCO proposed a tariff revision which updated system loss factors on August 30, 2013. NOPR was issued on January 24, 2014 and comments were due Feb. 24, 2014.

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Customer Aggregation Program

On February 8, 2001, the Commission approved interim regulations governing customer aggregation programs in Order No. 11913. In this order, the Commission specified that "An Aggregator or Broker must obtain an Electricity Supplier license from the Commission pursuant to the Interim Application for License to Supply Electricity or Electric Generation Service to the Public in the District of Columbia and Order No. 11862 issued on December 18, 2000 in order to contract with retail customers as an Aggregator or Broker in D.C." The Commission will issue a NOPR to the public, inviting comment on whether the interim standards should be ultimately

adopted as final regulations.

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Municipal Aggregation Program

The 1999 Act permits the Mayor to develop and administer a Municipal Aggregation Program (MAP). The Act requires the Mayor, in conjunction with the District of Columbia Public Service Commission, to issue regulations governing a MAP.

In February 2001, on behalf of the Mayor, the District of Columbia Energy Office (DCEO) established the District of Columbia Municipal Aggregation Task Force to explore the creation of a municipal aggregation program. The Task Force includes entities such as Office of the City Administrator, DCEO, the Water and Sewer Authority (WASA), Office of the People's Counsel (OPC), the Commission, and a few other D.C. government agencies.

On October 24, 2001, the Committee on Consumer and Regulatory Affairs of the Council of the District of Columbia ("Committee") invited the members of DC-MAP and other interested parties to participate in a public hearing to discuss MAP-related issues. At the hearing, DCEO and OPC explained that it was important for the Committee to consider amending the current legislation to include an Opt-out provision for residential customers. At the request of the Council, on November 30, 2001, the Commission held a legislative-style hearing to discuss the District's proposed municipal aggregation program and MAP's method of customer selection (i.e., Opt-out vs. Opt-in).

In the Commission's budget hearing before the Council on March 28, 2002, Chairman Cartagena testified that the Commission continues to be concerned about the adoption of a municipal aggregation program with an opt-out provision for several reasons. First, the creation of such a program may have the effect of causing confusion for consumers who might not know why they have been switched to another electricity supplier without their permission. Second, the Commission continues to be apprehensive about the potentially stifling effect a municipal aggregation program with the opt-out provision may have on competition. Third, the development of such a program may create a disincentive for any companies that might consider bidding for the Standard Offer Service provider role that begins January 1, 2005 under the 1999 Act. Chairman also indicated that despite these reservations, however, the Commission is eager to continue its work with the Office of the Mayor, the District Council, and the Municipal Aggregation Working Group, as these parties work to create and implement a viable municipal aggregation program in the District.

On May 6, 2002, the Commission issued an Order and Report, Order No. 12399. In this Report, the Commission recommended the following:

- Allowing any MAP to be implemented as originally envisioned by the Electric Competition Act, i.e., on an opt-in basis;
- Refocusing efforts to develop municipal aggregation by including as much load from independent government agencies and other willing parties as can be accumulated; and
- Proceeding deliberately to get to market with an RFP to locate an aggregation supplier.

Mayor Williams announced the issuance of an RFP for the MAP suppliers on an opt-in basis through a press conference on October 4, 2002. Recently, the D.C. MAP issued a Request for Technical Proposals (RTP). On May 6, 2003, a pre-proposal conference was convened. The due date for the RTP was May 22, 2003. As a result of this solicitation, no MAP bidders were selected.

DC MAP initiated its third solicitation in the September 2004. Residential customers were not included in the solicitation this time. However, the price bids received only covered the time period until January 2005, thus, no contracts were signed.

D.C. Government hired SAIC and World Energy to conduct a reverse auction on December 20, 2004. A winning bidder Select Energy was selected and a contract was signed as a result of this solicitation.

The D.C. Government hired Co-eXprise to conduct a reverse auction in December 2006. The last auction was conducted in 2009 for a 36--month contract that began in January 2010. The contract was extended.

TOP

PEPCO/Conectiv Merger

On May 6, 2002, the Commission approved the merger of Potomac Electric Power Co. and Delaware's Conectiv Inc. in F.C. No. 1002 (Order No. 12395). The merger was deemed to be in the public interest since it will benefit the public rather than merely leave it unharmed. The key benefits include:

- PEPCO will contribute \$2 million to initiate a small customer smart meter pilot program in D.C.
- PEPCO will absorb the RETF surcharge not to exceed \$0.00021 per kWh through August 7, 2007; this amounts to approximately \$12 million.
- PEPCO will not seek recovery in rates of the District's share of merger-related costs.
- PEPCO's distribution rates will be capped at the level of February 7, 2005 for 30 months (i.e., from February 8, 2005 through August 7, 2007 for non-RAD customers and through August 31, 2009 for RAD customers.)
- PEPCO offered a transmission "deadband" which further protected the customers from significant increase in transmission rates in case PEPCO remains to be the SOS provider after January 1, 2005.

The merger was also approved by Federal Energy Regulatory Commission, Delaware and Maryland Public Service Commissions, the Virginia State Corporation Commission and the New Jersey Public Service Board.

PEPCO and Conectiv completed their merger on August 1, 2002. A new holding company, Pepco Holdings, Inc., was formed. The combined company has five principal operating units:

- PEPCO led by William J. Sim, President;
- Conectiv Power Delivery led by Joseph M. Rigby, President;
- Conectiv Energy led by William H. Spence, President;
- Pepco Energy Services led by Dr. Eddie R. Mayberry, President; and
- Potomac Capital Investment Corporation led by John D. McCallum, President.

TOP

Fuel Mix and Emission Disclosure

On July 18, 2001, the Commission issued Order No. 12065, which described the requirements for generation and transmission suppliers to disclose fuel mix information to customers. In this order, the Commission decided that, on an interim basis, individual suppliers that procure electricity through contracts, which specify the origins of that electricity as being from specified resources, specified units, or a specified system, must disclose the fuel mix of the electricity they sell in DC.

On August 12, 2002, the Commission issued Order No. 12533 which directed the Working Group to submit, for the Commission's consideration, proposed interim regulations, including reporting standards and procedures that will govern the disclosure of data by suppliers of the fuel mix that is sold in the District. Moreover, the Order directed the Working Group to provide recommendations on certain specific issues such as the fuel mix reporting format, the timeframe for disclosure of fuel mix, and an implementation plan for reporting. On May 15, 2003, the Working Group filed a report on fuel mix which proposed interim regulations and attached an average PJM regional fuel mix. Pursuant to the 1999 Act, on June 30, 2003, the Commission submitted a fuel mix report to the D.C. Council. In December, 2003, the suppliers submitted their first fuel mix reports to the Commission. PEPCO and the suppliers now provide a fuel mix report to the Commission in June and December of each year.

In 2004, D.C. Councilmember Mendelson introduced Bill 15-872, which requires the Commission to direct each electricity supplier to disclose emissions information regarding carbon dioxide, nitrogen oxide, sulfur dioxide, and any other pollutant that the Commission deems appropriate, for electricity sold in the District of Columbia.

The Commissioners testified on this bill before the D.C. Council on September 23, 2004. The Omnibus Utility Amendment Act of 2004 became effective on April 12, 2005. According to the Act, the Commission must determine whether it is feasible for the suppliers to disclose the emission information every six months and may direct suppliers to provide this information either by rule or by order. On May 19, 2005, the Commission issued Order No. 13589 that directed all active electricity suppliers to disclose emissions information semi-annually as required by D.C. Law. Suppliers are to file this information in June and December of each year, along with their fuel mix information. The Commission also submitted a fuel mix report, dated July 1, 2005 to the D.C. Council, pursuant to the 1999 Act. On February 10, 2006, the Commission issued Order No. 13880 which directed several suppliers to file their fuel mix reports consistent with prior directives of the Commission. On May 3, 2007, the Commission issued Order No. 14281, directing certain suppliers to file or re-file their fuel mix reports consistent with prior directives of the Commission. Order No. 14281 also noted that the Commission may pursue certain action—including suspension or revocation of a license or imposition of a civil fine up to \$10,000 per violation—against suppliers that do not file as directed.

In response to the fuel mix filings due June 1, 2007, the Commission issued Order Nos. 14351 and 14352 (July 2, 2007) directing certain suppliers to file or re-file their June fuel mix reports consistent with previous Orders. The Commission also issued Order No. 14350 directing BGE Home Products and Services, Inc. to show cause as to why the Commission should not impose sanctions for failing to file certain fuel mix reports.

Pursuant to the 1999 Act, the Commission submitted its fuel mix report to the D.C. Council on July 2, 2007.

On February 1, 2008, the Commission issued Order No. 14717, granting BGE Home Products and Services, Inc. Motion for Leave to File Amended Response and accepted the Amended Response of BGE home to Order No. 14350. Subsequently, in Order No. 15063, issued September 12, 2008, the Commission directed certain suppliers to re-file their June 2008 reports and to indicate whether the information they provided was disclosed to their customers consistent with prior Commission directives.

The Commission finalized the interim rules for its fuel mix and emissions reporting in a rulemaking process. A NOPR appeared in the *D.C. Register* on July 11, 2008, proposing rules governing the submission of fuel mix and emission disclosure reports and replacing the interim regulations recommended by the Retail Competition Working Group and later adopted by the Commission in Order No. 12765, issued June 13, 2003, as well as other Commission directives. No comments were filed in response to the NOPR. A NOFR appeared in the *D.C. Register* on September 12, 2008, adopting the rules that appeared in the NOPR.

On February 16, 2012, the Commission issued Order No. 16702, directing five

electricity suppliers to file or re-file their fuel mix and emissions reports consistent with Chapter 42 of Title 15 of the District of Columbia Municipal Regulations. Subsequently, in Order No. 16743 (issued March 22, 2012), the Commission directed seven electricity suppliers to file their December 2011 fuel mix and emissions reports.

On February 15, 2013, the Commission issued Order No. 17079, directing three electricity suppliers to file their December 2012 fuel mix and emissions report. Subsequently, on September 19, 2013 the Commission issued Order No. 17247 and directed certain suppliers to determine if they complied with the Commission reporting rules, among other things.

On November 24, 2014, the Commission issued Order No. 17712 and directed 10 electricity suppliers to show cause as to why Commission should not take action against them for failing to respond to Order No. 17247. In addition, the Commission directed 6 electricity suppliers to file their December 2013 fuel mix reports and ordered 15 electricity suppliers to review their June 2014 fuel mix reports to bring them into compliance with the Commission's reporting rules.

Pursuant to the 1999 Act, the Commission submitted its most recent bi-annual fuel mix report to the D.C. Council on July 1, 2015. The next report will be due by July 1, 2017.

TOP

Net Metering and Community Net Metering

Net Metering

According to the 1999 Act, the Commission may promulgate regulations regarding net metering. In April 2003, the Commission issued Order No. 12704 and adopted the carry-over approach as the net metering method. Under this approach, a customer's consumption is offset against the full retail value of the power produced and, as a result, the customer is billed only for the net energy consumed during the billing period. The Commission issued Order No. 13501 and final rulemaking on February 10, 2005.

On April 8, 2005, in compliance with Order No. 13501 and the Net Energy Metering (NEM) rules, PEPCO filed its proposed NEM tariff rider. In Order No. 13623, issued June 24, 2005, the Commission found PEPCO's NEM Rider to be deficient and provided further guidance regarding the standard contract requirements set forth in our rules governing net energy metering. PEPCO filed a standard contract on July 11, 2005, and comments and reply were filed in July and August, 2005. On February 23, 2006, the Commission issued Order No. 13890 which directed PEPCO to file a revised standard contract. PEPCO made a filing on March 24, 2006. On June 27, 2006, the Commission issued Order No. 13980, which conditionally approved

PEPCO's standard NEM contract. PEPCO is directed to file a revised standard NEM contract. On July 25, 2006, PEPCO filed a revised NEM standard contract as well as proposed tariff changes reflecting contract revisions. Commission issued a NOPR on October 27, 2006 to invite comments and reply comments on the proposed tariff revisions.

On January 26, 2007, the Commission approved a revised contract and tariff. The Final Rulemaking was published in the *D.C. Register* on February 9, 2007. PEPCO also filed a report on Low Voltage Alternating Current issues on February 7, 2007. On June 13, 2007, Ms. Athena K. Angelos filed a complaint with the Commission regarding various aspects of PEPCO's net metering practices and related tariff provisions. On October 18, 2007, the Commission issued Order No. 14602, dismissing Ms. Angelos' complaint. On November 30, 2007, the Commission issued a NOPR amending the District's Net Energy Metering rules.

Several persons commented on the revised net metering rules. On January 25, 2008, the Commission issued an amended NOPR that was sent to the DC Register for notice and comment. The NOPR was published in the *D.C. Register* on February 8, 2008. The Commission solicited comments and reply comments. OPC and PEPCO filed comments on the amended NOPR. On June 25, 2008, the Commission issued Order No. 14840 and a NOFR.

On July 25, 2008, OPC filed an Application for Reconsideration of Order No. 14840, which objected to the level of compensation to be paid to NEM customers for excess generation. On September 11, 2008, the Commission issued Order No. 15061, which denied OPC's Application for Reconsideration of Order No. 14840.

On December 26, 2008, the Commission issued Order No. 15147, directing PEPCO to update its net energy metering tariff and standard contract so that they will be consistent with the current rules. On January 26, 2009, PEPCO made a compliance filing.

On April 3, 2009, the Commission published a net metering NOPR to expand the size of the eligibility of customer generators from 100 kW to 1,000 kW to be consistent with CAEA requirement. Parties filed comments and reply comments in May 2009. In response to these comments, the Commission issued a NOPR on October 2, 2009. Parties filed comments and reply comments in response to this NOPR and another NOPR was issued on February 5, 2010. OPC's Comments were received on March 29, 2010. On June 11, 2010, the Commission issued Order No. 15837 adopting final Net Energy Metering ("NEM") Rules and directing PEPCO to file a new NEM tariff and standard contract consistent with the Commission's NOFR. The NOFR was issued in the D.C. Register on June 18, 2010. On July 12, 2010, PEPCO filed its proposed Net Energy Metering Rider and NEM Standard Contract. On December 22, 2010, the Commission issued order No. 16084, rejecting PEPCO's NEM Contract and directing PEPCO to file a revised Standard Contract. PEPCO filed the revised Contract on January 6, 2011 and filed another revised version of the Contract on

February 2, 2011. On April 8, 2011, the Commission issued Order No. 16300, approving PEPCO's Net Energy Metering Rider and Net Energy Metering Contract.

Community Net Metering

On October 17, 2013, the Council of the District of Columbia enacted the "Community Renewable Energy Amendment Act of 2013" (CREA). The intent of the CREA was to allow a greater number of participants in renewable energy efforts by creating a new class of project, the community-owned rather than the individually-owned facility. The CREA establishes a new class of electric generators known as Community Renewable Energy Facilities (CREFs). A CREF is "an energy facility using renewable [energy] resources defined as tier one renewable sources" in the Renewable Energy Portfolio Standards Act of 2004. Tier One renewable sources include solar, wind, biomass and others. The CREA also established Community Net Metering (CNM), a billing arrangement under which the monetary value of electric energy generated by CREFs and delivered to the Electric Distribution Company's local distribution facilities is used to offset electric energy charges accrued during a Subscriber's applicable billing period. A Subscriber is an SOS customer of the Electric Company or a retail customer of a Competitive Electricity Supplier who owns a Subscription in a CREF and who has identified an individual billing meter associated with the Subscription. The CREF itself is interconnected to the Electric Distribution Company's distribution system. CREFs provide electric supply to the SOS Administrator that shall be used to offset SOS purchases from wholesale SOS providers. All electric supply provided by CREFs shall become the property of the SOS Administrator.

The CREA requires the Commission to establish rules regarding certain limited aspects of the legislation, while other rules are under the purview of the Mayor. On September 12, 2014, the Commission published a Notice of Proposed Rulemaking (NOPR) to amend the Net Energy Metering (NEM) Rules setting forth the standards for the District's retail customers to engage in CNM. Because CREA also affects the SOS service provided by the SOS Administrator, currently Pepco as the provider of distribution services, the Commission published a NOPR to amend the Standard Offer Service Rules, Chapter 41 of Title 15 also on September 12, 2014.

After reviewing parties' comments, revised Community Net Metering Rules (Notice of the Second Proposed Rulemaking) were issued on January 30, 2015 with an order (Order No. 17794) issued on February 4, 2015.

On May 8, 2015, the Commission published a Notice of Final Rulemaking in the *D.C. Register* amended Chapter 9 of Title 15 of the District of Columbia Municipal Regulations to establish rules governing the CNM program. Pursuant to 15 DCMR §905.1, Pepco, must develop a standard contract for the implementation of CNM, and submit the standard contract to the Commission for review and approval. On June 8, 2015, in accordance with Chapter 9, Pepco filed proposed documents, including the CREF Contract.

On July 9, 2015, the Commission issued Order No. 17920 seeking comments in response to the CREF Documents, including the CREF Contract. After reviewing the comments, on December 11, 2015, the Commission issued Order No. 18050, approving the CREF Documents and directing Pepco to make certain amendments to the CREF Documents, including the CREF Contract. On January 11, 2016, Pepco filed its Application for Reconsideration of Order No. 18050. The Commission has issued an order on this reconsideration filing.

TOP

Market Monitoring

On July 31, 2001, in Order No. 12071, the Commission issued its market monitoring regulations governing an Interim Monitoring Program and Interim Report Forms. The Commission found that the market monitoring functions conducted by the Commission and the Office of the People's Counsel (OPC), in compliance with Section 112 of the D.C. Council's Retail Electric Competition Act, should be flexibly designed so as to fulfill current needs in monitoring potential anticompetitive conduct and conditions, while recognizing that modifications may be necessary in the future as the structure of relevant markets become more clearly defined. Month-by-month data on the status of retail competition in the District can be found under Customer Information/Electric Choice/Status of Retail Competition. On the wholesale level, the Commission continues to work with the PJM Market Monitoring Unit to identify potential abuses of market power in the PJM market.

TOP

New Electric Generation and Transmission Construction Rules

On August 9, 2004, the Commission issued Order No. 13259, which adopted rules governing the construction of generation and transmission facilities in the District. The NOFR was published in the *D.C. Register* on September 3, 2004. As background, to implement the 1999 Retail Electric Competition and Consumer Protection Act, the Commission had previously issued Order No. 12340, which directed the Retail Competition Working Group to review the existing rules and suggest any necessary revisions. The Working Group submitted a number of revisions on April 30, 2002. Incorporating many of the Working Group's recommendations, the Commission drafted revised rules for which comments were requested in a NOPR that was issued on December 27, 2002. OPC and PEPCO filed comments in response to the NOPR. The NOFR was issued on September 3, 2004.

TOP

Standard Offer Service (SOS) After Price Caps Ended on February 7, 2005

The Commission is required, under the Act, to establish Standard Offer Service (SOS) rules and regulations before January 2, 2004, and to select a standard offer service provider before July 2, 2004.

On February 21, 2003, the Commission issued Order No. 12655 to initiate a proceeding Formal Case 1017 to establish a procedure for selecting a new standard offer service provider, given that PEPCO's obligation to serve as the District's SOS provider is set to expire by the end of 2004.

In this order, the Commission directs all interested parties to review the list of SOS parameters in the order and to file proposed issues and comments no later than March 20, 2003. Parties filed notice to intervene, comments and proposed issues prior to May 15. On May 15, 2003, the Commission conducted a pre-hearing conference.

On September 29, 2003, the Commission issued Order No. 12932, releasing proposed retail SOS provisions. Comments were submitted on October 30, 2003 and reply comments were submitted on November 17, 2003. On December 4, 2003, the Commission issued Order No. 13005, releasing proposed wholesale SOS provisions. The comments in response to this order were submitted on December 18, 2003.

On December 31, 2003, the Commission issued Order No. 13028 which adopted wholesale SOS rules and regulations. On the same day, the Commission issued Order No. 13027, a companion order which adopted retail SOS rules and regulations. In January and February 2004, the Commission received parties' comments and reply comments regarding the preferred process for the implementation of SOS. On March 1, 2004, the Commission issued Order No. 13118, which adopts the wholesale Standard Offer Service model to govern the implementation of SOS in D.C. On the same day, the Commission also issued Order No. 13116 which denies the motions for reconsideration and/or clarification on retail SOS process and issued Order No. 13117, which discusses the parties' applications and motions for reconsideration of Order No. 13028 regarding the wholesale SOS process.

On June 29, 2004, the Commission issued two orders (Order No. 13227 and Order No. 13229) on the parties' requests for reconsideration of Order Nos. 13115, 13118 and 13119. On July 30, 2004, the Commission adopted RFP documents including Wholesale Full-Requirements Service Agreement, supplier RFP and the associated documents. The bidding RFP was posted on PEPCO's website on August 6, 2004. The Commission selected Boston Pacific as the market monitor for the bidding process. The Commission also issued its SOS administrative charge order (Order No. 13268) on August 19, 2004. The first round of wholesale bidding will start in September 2004. After three rounds of biddings, the winning bids were selected and new SOS rates were posted on the website on November 29, 2004. These new SOS rates were implemented on February 8, 2005.

On April 18, 2005, in Order 13558, the Commission directed Pepco to notify it of the date of the post-bid conference for the first round of wholesale bidding. In addition, interested parties were permitted to file comments on the Commission's proposed second round of wholesale bidding within 14 days of the post-bid conference and reply comments within 7 days thereafter. On June 2, 2005, Pepco proposed a new timeline.

Meanwhile, on May 27, 2005, the Commission issued Order No. 13596, which directed the SOS Working Group to file comments on eleven issues related to improving the second round of wholesale bidding. In response, the SOS Working Group filed its report on the eleven issues on June 16, 2005. Comments were also filed by parties on June 16-17th and reply comments on June 27, 2005. In Order No. 13741, dated August 18, 2005, the Commission accepted in part and rejected in part the recommendations set forth in the Working Group's report and directed Pepco to make a compliance filing amending: (a) the RFP, (b) the Wholesale Full Requirements Service Agreement (WFRSA), and (c) the Rider SOS of Market Price Service Tariff.

On June 21, 2005, the Commission issued Order No. 13618, which adopted Pepco's proposed timeline for the second round of SOS bidding.

On July 29, 2005, the Commission declined OPC's request that Boston Pacific provide it with a copy of the final report on the first round of wholesale bidding, but permitted Boston Pacific to voluntarily provide a redacted report to the OPC.

On September 2, 2005, Pepco made compliance filings pursuant to Order No. 13741 and, on September 23, 2005, the Commission issued Order No. 13765 which accepted in part and rejected in part Pepco's compliance filing. In this Order, the Commission directed Pepco to post its revised WFRSA and RFP consistent with the order on its website on October 3, 2005. PEPCO posted RFP on its website on October 3, 2005 and a pre-bidding conference was held on November 4, 2005. In December, 2005 and subsequent months, PEPCO conducted SOS bidding. After the bidding, PEPCO proposed new SOS rates on March 10, 2006. Based on March 10 filing, beginning with the June 2006 bills, PEPCO anticipates that residential customers will see an annual average increase of 12 percent in their bills (about \$8 per month). Small commercial customers' bills would increase, on average, by about 10 percent. The Commission approved PEPCO's new SOS rates on March 22, 2006. The new SOS rates became effective June 1, 2006. A post-bid conference was held on June 9, 2006. Parties filed comments and reply comments in response to Order No. 13741 in June 2006.

The Commission issued Order No. 14006 on July 21, 2006. In particular, the Commission established a two-phased approach addressing improvements to SOS procurement process for the next solicitation and initiating a proceeding to review the SOS process and consider the benefits of a portfolio management approach. With regard to Phase I, the Commission sets forth issues regarding the 2006-2007 SOS

procurement and invites the SOS Working Group and other interested parties to submit comments and reply comments regarding those issues. Phase II would discuss the issues associated with the new proceeding. Parties filed comments and reply in response to Order No. 14006. In September, Commission issued Order No. 14065, which directed the SOS Working Group to revise the WFRSA and RFP. In addition, this order also directed parties to discuss options on Residential Aid Discount (RAD) rate increases in February 2007 as a result of lifting the RAD generation and transmission price cap. On October 2, 2006, PEPCO posted the RFP on its website. In October, parties have filed comments and reply on the RAD rate increases issues. On December 13, 2006, the Commission issued Order No. 14139, which established the new RAD generation rates effective February 8, 2007. The Commission also accepted PEPCO's compliance filing on January 18, 2007 (Order No. 14171). The third round of SOS bidding was held in December 2006 and January 2007. PEPCO's new rates were filed on February 22, 2007. Based on this filing, PEPCO anticipated that residential customers would see an annual average increase of 11.6 percent in their bills (about \$8.50 per month.) On March 1, 2007, the Commission approved PEPCO's SOS rates effective June 1, 2007. From July to December 2007, the Commission issued orders related to PEPCO's fourth round of SOS bidding. The issues discussed include timeline, Renewable Portfolio Standards, RFP and the WFRSA.

In December 2007 and January 2008, the fourth round of SOS bidding was held. On the basis of the results of the bids, Pepco proposed new generation rates in a filing on February 12, 2008. Based on this filing, Pepco anticipated that its residential SOS customers would see an annual average increase of 15.5 percent in their bills, or about \$12.75 per month. On February 20, 2008, the Commission approved Pepco's proposed SOS rates effective June 1, 2008.

The Commission issued interim SOS rules which govern the SOS bidding process on July 30, 2004 through Order No. 13241. A NOPR was published in the *D.C. Register* on October 31, 2008. Parties filed comments and reply comments in December 2008. On June 29, 2009, the Commission issued Order No. 15313 adopting the final rules. The final rules were published in the *D.C. Register* on July 3, 2009. In December 2008 and January 2009, the fifth round of SOS bidding was held. PEPCO filed the new rates on January 30, 2009. In February, 2009, PEPCO's new SOS rates were approved. For residential customers, the average increase in their monthly bill was 2.7 percent. These new rates became effective June 1, 2009.

On August 3, 2009, PEPCO filed the revised WFRSA and RFP for the 2009/2010 SOS solicitation. The Commission issued Order No. 15566 on September 30, 2009 to modify the WFRSA and RFP. The bidding was held on December 7, 2009 and January 4, 2010. On March 1, 2010, the Commission approved PEPCO's new SOS rates to become effective June 1, 2010.

As a result of the change in generation rates, residential customers will see an average decrease of 1.2 percent in their monthly bills (about \$1.2 per month). Small

commercial customers' bills will decrease, on average, by about 1.1 percent (about \$3.01 per month).

On June 25, 2010, PEPCO filed an application to revise its retail transmission rates. A NOPR was published in D.C. Register on July 23, 2010. No comments were filed. The Commission approved such a revision in Order No. 16038 issued on November 2, 2010. The NOFR was published in the D.C. Register on November 5, 2010.

On August 2, 2010, PEPCO filed revised WFRSA and RFP for the 2010/2011 SOS solicitation. The Commission issued Order No. 15999 on September 29, 2010 to modify the WFRSA and RFP. The bidding was held on December 6, 2010 and January 3, 2011. PEPCO filed its new SOS rates on January 28, 2011. Subsequently, PEPCO made two revised SOS rate filings, one on February 14 and one on February 22, 2011. The Commission issued an order on March 11, 2011 approving the rates filed on February 22, 2011. These new SOS rates will become effective on June 1, 2011. Beginning June 1, 2011, residential SOS customers will see decreases in their electric bill of 10.2% or about \$9.95 per month for the average user of 685 kwh/month. Small commercial SOS customers' energy supply bills will decrease 7.8%, or about \$21.05 per month for the average user.

On November 21, 2011, the Commission issued Order No. 16618, approving PEPCO's request to reduce its transmission rates. A Notice of Final Rulemaking was published in the D.C. Register on November 25, 2011. SOS customers had an overall transmission rate decrease of \$4.5 million (or 20 cents decrease per month on average residential bill) beginning on December 1, 2011.

On June 16, 2011, the Commission conducted a legislative-style hearing to discuss issues related to integration of dynamic pricing and Standard Offer Service. The purpose of this hearing/round-table was to obtain input from various stakeholders, including retail and wholesale suppliers, regarding the potential integration of dynamic pricing and the Standard Offer Service ("SOS") procurement for electric generation services and the opportunities available to alternative retail electricity suppliers to provide dynamic pricing products to customers in D.C. PEPCO, OPC, Washington Gas Energy Service, Retail Energy Supply Association (RESA), Constellation and NextEra Energy participated in the round-table discussions on June 16, 2011.

On July 28, 2011, PEPCO filed revised WFRSA and RFP for the 2011/2012 SOS solicitation. The Commission issued Order No. 16560 on September 29, 2011 to modify the WFRSA and RFP. The bidding was held on December 5, 2011 and January 23, 2012. PEPCO filed its new SOS rates on February 1, 2012. Subsequently, PEPCO made two revised SOS rate filings, one on February 9 and one on February 14, 2012.

The Commission issued Order No. 16719 on March 1, 2012 approving the updated SOS rates effective June 1, 2012. Based on the revised SOS rates, an electric bill for

a residential SOS customer decreased by 5.6% or about \$4.89 per month for the average user of 685 kWh/month. Small commercial SOS customers' energy supply bills decreased by 5.5%, or about \$14.17 per month for the average user.

On September 14, 2012, PEPCO also filed an application to increase its transmission rates for SOS customers based on FERC-approved transmission rates. The Commission approved such an update on January 4, 2013 through Order No. 17028. A Notice of Final Rulemaking will be published in the D.C. Register on January 11, 2013. SOS customers will have an overall transmission rate increase of \$12.252 million (or \$1.07 per month increase on average residential bill) beginning on February 1, 2013.

For the 2012/2013 SOS solicitation, PEPCO filed revised WFRSA and RFP on August 1, 2012. The Commission issued order No. 16913 on September 20, 2012 to modify the WFRSA and RFP. The bidding was held on December 3, 2012 and January 7, 2013. PEPCO filed its new SOS rates on January 30, 2013 and then revised the SOS rates on February 5, 2013. Beginning June 1, 2013, residential SOS customer's electric bill increased by 3.3% or about \$2.90 per month for the average user of 703 kWh/month. Small commercial SOS customer's bill increased by 2.4%, or about \$5.87 per month for the average user.

For the 2013/2014 SOS solicitation, PEPCO filed revised WFRSA and RFP on August 1, 2013. The Commission issued order No. 17248 on September 25, 2013 to modify the WFRSA and RFP. The bidding was held on December 6, 2013 and January 9, 2014. PEPCO filed its new SOS rates on January 24, 2014 and then revised the SOS rates on February 7 and filed the erratum on February 11, 2014. On February 24, 2014, the Commission issued Order No. 17386 approving PEPCO's revised SOS rates. On average, the cost of generation for a residential SOS customer will decrease by 16.3% or about \$10.25 per month for the average user of 695 kwh/month. The residential SOS customers' summer generation rate will decline from 9.0 cents per kwh to 7.6 cents per kwh while their winter rate will decline from 9.1 cents per kwh to 7.5 cents per kwh. The cost of generation for small commercial SOS customers will decrease by 13.5% or about \$20.62 per month for the average user of 1,751 kwh/month.

For the 2014/2015 SOS solicitation, on July 25, 2014, the Commission issued Order No. 17559 to solicit comments from SOS Working Group regarding changes in bid form spreadsheets. In Order No. 17660 (issued October 10, 2014), after receiving comments, the Commission decided not to require any changes for the 2014/2015 SOS solicitation.

PEPCO filed revised WFRSA and RFP on July 31, 2014. The Commission issued Order No. 17644 on September 26, 2014 to modify the WFRSA and RFP. The bidding was held on December 8, 2014 and January 5, 2015. PEPCO filed its new SOS rates on January 23, 2015 and then revised part of the workpapers and SOS rates on February 4, 2015. Subsequently, these rates were approved by the Commission.

Furthermore, as stated above, a NOPR was issued on September 12, 2014 to modify the SOS rules to implement the Community Renewable Energy Amendment Act of 2013 (CREA). After reviewing parties' comments, a revised NOPR was issued on January 30, 2015 with a Commission order issued on February 4, 2015. After receiving comments and reply comments, a Notice of Final Rulemaking was issued in the D.C. Register on April 24, 2015. Pepco revised its WFRSA and RFP on July 31, 2015 and the Commission directed the Company to modify these documents on September 25, 2015. The 2015/2016 solicitation was held on December 7, 2015 and January 4, 2016. Pepco filed new and modified SOS rates in Jan./Feb. of 2016. The rates revised on February 5, 2016 were approved by the Commission. As a result of these new rates, residential customer's average bill will be reduced by 4.1 percent, small commercial customer's average bill will be reduced by 7.0 percent..

The SOS Proceeding – Formal Case No. 1047

On June 8, 2006, OPC filed a Petition to initiate and conduct a formal investigation into the procurement process for SOS for residential consumers. After the Commission received comments and reply comments, the Commission granted OPC's request to initiate the proceeding by Order No. 14006. In Order No. 14271 issued on April 26, 2007, the Commission explained that this new proceeding would address the SOS procurement process for both residential and commercial customers. The Commission also designated a series of questions for discussions in this case. In this order, the Commission invited parties to propose additional issues and propose a procedural schedule. After reviewing parties' comments and reply comments, in Order No. 14338 issued on June 19, 2007, the Commission directs the SOS Working Group to meet, discuss, and submit a report and recommendations concerning the SOS issues within approximately 4 months. The Working Group submitted a report in October 2007. On October 29, 2007, the Commission issued Order No. 14612, requesting comments and reply comments on the Working Group report and other designated issues. In November and December 2007, the parties filed comments and reply comments.

On February 14, 2008, the Commission issued Order No. 14725 and directed PEPCO to continue as the SOS provider while the Commission continues to explore other SOS alternatives. After this order, there are no further issues to be decided in this proceeding. On November 3, 2011, the Commission issued Order No. 16597 to close the case unless a party filed an objection by November 24, 2011. No party filed an objection and thus, the Commission issued a Notice on December 1, 2011 to close the case.

Renewable Energy Portfolio Standard (“REPS”)

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 goal of 11% by 2022. Examples of renewable energy sources are: solar energy; wind; qualifying biomass; methane; geothermal; ocean; fuel cells; hydroelectric power other than pumped storage generation; and waste-to-energy.

The REPS Act also required that the Commission adopt regulations governing the application and transfer of renewable energy credits and implementation of the REPS Act. The REPS Act further set a date of January 1, 2006 as the date upon which an electricity supplier may begin receiving and accumulating renewable energy credits. On April 29, 2005, the Commission issued Order No. 13566, which sought comment on 12 RPS-related issues. Several parties filed comments on the Commission-designated issues. On September 23, 2005, the Commission issued Order No. 13766, which resolved certain of the issues raised in the filed comments. Order No. 13766 further directed the formation of a REPS Working Group to examine in more detail certain remaining issues related to the implementation of the REPS Act, and to develop a timeline and recommendations with respect to a two-phased approach to resolving those issues. On October 11, 2005, the REPS Working Group submitted its First Report on the REPS Act. On October 24, 2005, the Commission issued Order No. 13795, which adopted the RPS Working Group’s proposed procedural timeline for addressing Phase I and Phase II issues. On October 25, 2005, the RPS Working Group submitted its Second Report on the REPS Act. On November 10, 2005, the Commission issued Order No. 13804, which approved the method for certifying individual generating units’ compliance with the RPS Act, and resolved an issue regarding the retroactive creation of renewable energy credits. The RPS Working Group filed Working Group reports on November 23, 2005 and December 22, 2005. On December 28, 2005, the Commission issued Order No. 13840. In this order, the Commission adopted interim rules for RPS. The interim rules, in part, established definitions for various terms consistent with the REPS Act, compliance requirements for electricity suppliers, generator eligibility, rules regarding the creation and tracking of RECs, and rules concerning the recovery of fees and costs. On January 26, 2006, the Commission issued Order No. 13860, which accepted the Working Group’s recommendations on comparable state certificates and related issues. The Working Group submitted its Fourth Report commenting on Phase II issues on March 24, 2006.

On March 27, 2006, the Commission issued Order No. 13899 which accepted in part and denied in part the Applications and/or Motions for Reconsideration and Clarification of Order No. 13840.

On July 24, 2006, the Commission issued Order No. 14005 accepting in part, and

rejecting in part, the Working Group's recommendations contained in the Fourth Working Group Report and directed the Working Group to consider three (3) issues identified in Order No. 14005.

In response to the Commission's directives in Order No. 14005, on September 15, 2006, the Working Group submitted its Fifth Report of the Working Group on the Renewable Energy Portfolio Act of 2004. No party filed comments in response to the Working Group's Fifth Report. The Commission issued Order 14114 on November 13, 2006. The RPS Working Group filed its sixth RPS Report in December 2006. After parties filed comments, the Commission issued Order No. 14225 on March 2, 2007.

On November 2, 2007, a .NOPR appeared in the *D.C. Register*. The proposed regulations established the Commission's rules governing the implementation of and compliance with the Renewable Energy Portfolio Act of 2004. On December 3, 2007, Pepco Energy Services and the Office of the People's Counsel filed comments on the NOPR. No reply comments were submitted. Subsequently, in Order No. 14697 (issued January 10, 2008), the Commission adopted the proposed regulations with certain modifications and indicated that the rules would become effective upon the date of publication of the NOFR in the *D.C. Register*. The NOFR appeared in the *D.C. Register* on January 18, 2008.

Calendar year 2007 was the first year of compliance for the District's RPS program. According to the Commission's rules, electricity suppliers are required to file compliance reports by May 1 of the calendar year following the year of compliance. In order to facilitate the filing requirements, in Order No. 14782, issued April 10, 2008, the Commission adopted the Electricity Supplier 2007 Compliance Report Form for the District of Columbia Renewable Energy Portfolio Standard.

On April 29, 2008, the Commission issued Order No. 14798, directing behind-the-meter (BTM) generators certified by the Commission as eligible for the District's RPS program to submit BTM generation reports pursuant to the Commission's rules. The RPS rules require that renewable energy credits (RECs) created by BTM generators must be recorded in the PJM Environmental Information Services' Generation Attribute Tracking System (GATS) at least once each calendar year in order to be eligible for compliance. BTM generators are also required to file a generation report with the Commission that corresponds to the recordation of any energy production through GATS.

The Commission's rules also require that the Working Group file an annual update to the Tier I and Tier II eligibility matrices by February 1 of each year. These matrices facilitate the implementation of a streamlined application process. In particular, the matrices help the Commission determine whether an applicant, certified by another PJM state, meets the RPS requirements for the District. The Working Group did not provide an update consistent with the Commission's rules, so in Order No. 14809 (issued May 12, 2008), the Commission directed the Working Group to file a report

consistent with the RPS rules. The Working Group subsequently responded on October 31, 2008 that no update was required. On February 18, 2009, the Commission issued Order 15192, again directing the Working Group to submit and update the Tier I and Tier II eligibility matrices, consistent with the RPS rules.

After reviewing the various compliance reports, the Commission subsequently released various orders to address certain issues and ensure compliance with the Commission's rules. In Order No. 14885, issued August 11, 2008, the Commission directed certain suppliers to file evidence that a Generation Attribute Tracking System account was established and that the RECs reported in their Compliance Reports were properly retired. By Order No. 15077, issued October 1, 2008, the Commission denied Washington Gas Energy Services request to waive the compliance fee for solar RECs because the legislation does not allow an exception.

On October 3, 2008, a NOPR appeared in the *D.C. Register* that contained revisions to the RPS rules that would, among other things, allow an applicant seeking to certify a renewable generator for the District's RPS program to provide a self-certified Affidavit of Environmental Compliance. OPC filed comments on November 3, 2008. On January 2, 2009, the Commission issued an amended NOPR. OPC filed comments on February 11, 2009. In Order No. 15233, issued April 7, 2009, the Commission adopted certain amendments to the RPS rules, the self-certified Affidavit of Environmental Compliance, and the Electricity Supplier Annual Compliance Report Form. The revisions became effective upon publication of a NOFR in the *D.C. Register* on April 10, 2009.

On October 21, 2009, the Commission issued Order No. 15582, denying Sol Systems, LLC's request to raise the derate factor. The derate factor accounts for the inefficiencies inherent in converting direct current ("DC") produced by a solar photovoltaic ("PV") system to alternating current ("AC") used in homes or businesses. Specifically, the derate factor accounts for the inefficiency of the solar panels and inverter, as well as losses due to connections and wiring, among other factors. Sol Systems offered no technical information of merit in support of its request.

On March 23, 2010, the Commission issued a notice reminding electricity suppliers that they may not use the incineration of solid waste to meet more than 20 percent of the standard for tier two renewable sources. In addition, starting January 1, 2013, suppliers are prohibited from using RECs derived from solid waste incineration to meet any part of the tier two standard.

In a notice dated March 18, 2011, the Commission reminded electricity suppliers that they are obligated to submit their annual renewable energy portfolio standard compliance reports for calendar year 2010 by May 2, 2011, and that electricity suppliers shall meet the solar requirement by first exhausting all opportunity to purchase D.C. SRECs before purchasing non-D.C. SRECs.

Pursuant to the Distributed Generation Emergency Amendment Act of 2011, signed

into law on August 1, 2011, the Commission issued two Orders to address the requirements under the statutes. The Act directed the Commission to not certify any solar energy facilities not located within the District or not in locations served by a distribution feeder serving the District as eligible District of Columbia renewable energy standards generating facilities after January 31, 2011. Order No. 16528 (dated September 9, 2011) denied all applications for certification as eligible solar energy facilities that were not located within the District or in locations served by a distribution feeder serving the District, pending before the Commission. In addition, in Order No. 16529 (dated September 9, 2011), the Commission decertified all solar energy facilities not located within the District or in locations served by a distribution feeder serving the District, and certified by the Commission between February 1 and August 1, 2011, as well as any solar facilities with a capacity larger than 5 MW regardless of the date certified.

To address, in part, the new requirements of the Distributed Generation Amendment Act of 2011, the Commission issued a NOPR to amend the RPS rules. In addition, to addressing the requirements spelled out in Order Nos. 16528 and 16529, the Act also increased the solar RPS requirements, altered the compliance payments for the solar requirement, and amended the requirements for solar thermal systems. The NOPR appeared in the *D.C. Register* on January 13, 2012. On March 15, 2012, in Order No. 16738, the Commission adopted amended rules that appeared in the NOPR. The rules became effective upon publication of the NOFR in the *D.C. Register* on March 23, 2012.

On March 29, 2012, the Commission submitted its 2012 Report to the D.C. Council on the Renewable Energy Portfolio Standard. The next Report is due by April 1, 2013.

In Order No. 16787, issued May 25, 2012, the Commission determined that three companies exceeded the statutory limit for the use of solid waste in meeting their Tier II requirement. The Order directed the companies to either show cause as to why this notification of non-compliance was unwarranted or to submit a payment for non-compliance.

In Order No. 17062 (issued February 1, 2013) and Order No. 17349 (issued January 13, 2014), the Commission adopted the Renewable Energy Portfolio Standard Working Group's proposed Tier I and Tier II Eligibility Matrices as modified in the Order.

On January 10, 2014, in Order No. 17351, the Commission denied the Silicon Ranch Corporation's application to certify a solar energy facility as a "generic" Tier I resource. In its Order, the Commission noted that, by statute, Tier I renewable sources are clearly defined to mean one or more of the following types of energy sources: solar, wind, qualifying biomass, methane from the decomposition of organic materials, geothermal, ocean, and fuel cells producing electricity from qualifying biomass or methane. Since the statutory definition of a Tier I renewable source is

based on the source used to produce energy, a Tier I renewable source cannot, therefore, be “generic.” Moreover, the applicant, Silicon Ranch, did not provide any supporting legal authority for the creation of a “generic” Tier I source and the statute does not authorize the Commission to certify a solar facility outside of the District which is not in a location served by a distribution feeder serving the District of Columbia and which is larger than 5MW in capacity.

On January 13, 2014, in Order No. 17350, the Commission decertified two municipal solid waste facilities, as the incineration of solid waste was no longer eligible to generate RECs for the District’s RPS program after December 31, 2012.

On October 31, 2014, a NOFR appeared in the *D.C. Register* amending the filing date of the RPS compliance reports and fees from May 1 to April 1. Then on January 16, 2015, a NOFR appeared in the *D.C. Register* removing the requirement to file an Affidavit of Environment Compliance for solar energy systems.

On October 15, 2015, a NOFR appeared in the *D.C. Register* amending the RPS statutes to allow solar energy systems larger than 5 MW in capacity located on property owned by the District, or by any agency or independent authority of the District, to meet the solar requirement and to allow electricity suppliers to meet the remaining non-solar Tier I renewable resource requirement by obtaining renewable energy credits from out-of-state solar energy systems.

On February 5, 2016, in response to the REPS Amendment Act of 2014, a NOPR appeared in the *D.C. Register* to address changes that affect the use of “qualifying biomass” facilities for the District’s RPS program. In addition, the Act clarified that any extension or renewal of energy supply contracts executed on or after August 1, 2011 shall be subject to the higher solar energy requirement pursuant to the Distributed Generation Amendment Act of 2011.

As of March 1, 2016, there are 4,494 renewable generators certified for the District’s RPS program. Of the 4,494 facilities, 4,465 use Tier I resources (including biomass, methane from landfill gas, wind, and solar energy) and 29 use Tier II resources (including hydroelectric). However, some of the biomass resources may be reclassified as Tier II resources in response to the REPS Amendment Act of 2014. Since these renewable generators may be certified in other states that have an RPS program as well, the RECs associated with the generating capacity are not necessarily fully available to meet the District’s RPS.

Implementation of the Clean and Affordable Energy Act of 2008

Energy Efficiency Programs

On October 22, 2008, the permanent version of the “Clean and Affordable Energy Act of 2008” (CAEA) became effective. The CAEA, among other things, required the

establishment of a Sustainable Energy Utility (SEU) and discontinued the Reliable Energy Trust Fund. Under the administration of DDOE, the SEU will provide energy efficiency programs in the District. The CAEA also authorized PEPCO to implement energy efficiency programs for \$6 million a year for FY2009, FY2010, and FY2011.

Pursuant to the CAEA, in Order No. 15139, issued December 18, 2008, the Commission provisionally approved five demand-side management programs proposed by PEPCO in its “Blueprint for the Future.” The five programs are: (1) Residential Lighting and Appliances; (2) Non-residential Prescriptive Rebate; (3) Non-residential Custom Incentive; (4) Non-residential HVAC Efficiency; and (5) Non-residential Building Commissioning. The Commission directed PEPCO to submit additional information. PEPCO filed additional information on February 23, 2009.

On January 21, 2009, as part of Order No. 15164, the Commission closed the portion of Formal Case No. 945 that dealt with the Reliable Energy Trust Fund programs, pursuant to the CAEA.

The CAEA also required the Commission to issue an Order regarding certain demand-side management programs proposed by PEPCO. The programs that the Commission approved would be funded by the Sustainable Energy Trust Fund (“SETF”) for up to \$6 million dollars annually for fiscal years 2009 through 2011. The Commission conditionally approved five of PEPCO’s energy efficiency programs in Order No. 15139 (issued December 18, 2008): Residential Lighting & Appliances (R-L&A); Non-Residential Prescriptive Rebate (NR-PR); Non-Residential Custom Incentive (NR-CI); Non-Residential HVAC Efficiency (NR-HVAC); and Non-Residential Building Commissioning (NR-BC). PEPCO was directed to provide a workplan for each approved program, a three-year spending plan with a maximum cap of \$6 million in each fiscal year (October 1 to September 30), and a detailed revised budget for FY 2009. The Company was also instructed to provide detailed budgets for FY 2010 and FY 2011 by August 1, 2009 and August 1, 2010, respectively. PEPCO submitted its response to Order No. 15139 on February 23, 2009. Subsequently, in Order No. 15219, issued March 12, 2009, the Commission approved the revised FY 2009, FY 2010, and FY 2011 program budgets, three-year spending plans and workplans for the five programs. PEPCO was also directed to file individual program workplans that include a timeline with milestones as part of its first quarterly report. In addition, PEPCO was reminded to provide detailed budgets for FY 2010 and FY 2011. On March 27, 2009, the Commission issued Order No. 15228, directing PEPCO to include the information contained in an attached Quarterly Reporting Requirement Guidelines (“Reporting Guidelines”) in future quarterly reports, beginning with the first report due on July 30, 2009. PEPCO filed its first quarterly report on August 3, 2009. However, PEPCO’s August 3 filing did not contain a detailed budget for FY 2010, pursuant to Order Nos. 15139 and 15219, therefore, the Commission directed PEPCO to file the detailed budget in Order No. 15541 (issued September 3, 2009). In Order No. 15640 (issued December 29, 2009), the Commission approved the FY 2010 updated workplan for the five programs and

directed PEPCO to provide additional information in future quarterly reports.

On April 19, 2010, the Commission issued Order No. 15773 directing PEPCO to appear on April 21, 2010, at 11:00 a.m. in the Commission Hearing Room to discuss the current status of PEPCO's five (5) energy efficiency programs. The Company was advised that it should be prepared to discuss in detail about the budget, spending plan and workplan for the five (5) energy efficiency programs for FY 2010.

Subsequently, in Order No. 15918 (issued August 9, 2010), the Commission granted PEPCO's request to pre-fund ongoing work for the Northeast Energy Efficiency Partnerships and other work related to evaluation, measurement and verification to support the energy efficiency programs and the planning process for the Sustainable Energy Utility programs.

On August 19, 2010, PEPCO filed an Application seeking Commission authorization to establish a Rider "DSM"—Demand Side Management Surcharge—to continue operating its five (5) existing energy efficiency and conservation programs for FY 2011. In its filing, the Company noted that the Council of the District of Columbia eliminated the funding of PEPCO's suite of energy efficiency programs effective September 30, 2010. PEPCO's Application proposes that the Rider DSM Surcharge become effective with the billing month of October 2010. The Company made the filing under the Commission's expedited review process. Subsequently, on August 24, 2010, PEPCO amended its tariff application. The Commission issued a Notice of Proposed Rulemaking ("NOPR"), which appeared in the *DC Register* on September 3, 2010.

In Order No. 16046 (issued November 8, 2010), the Commission denied PEPCO's request to establish the Rider DSM Surcharge and indicated that DDOE was in the process of selecting a SEU to take over the responsibilities for administering energy efficiency programs in the District. DDOE issued a Request for Proposals ("RFP") on July 2, 2010, to solicit competitive proposals for a SEU for the District. The RFP states that DDOE anticipates executing a contract with the winning bidder by November 8, 2010. Inasmuch as DDOE's selection of a winning SEU bidder was imminent, the Commission did not believe that it would be in the best interest of the District's ratepayers to have a surcharge for the same (or equivalent) programs. Thus, while the Commission appreciated PEPCO's effort to continue an uninterrupted operation of its energy efficiency programs in FY 2011, the Commission determined that the better course of action would be to allow the SEU process to play itself out as DDOE has suggested.

Submetering

As part of the Clean and Affordable Energy Act of 2008 ("CAEA"), the CAEA requires that the Commission shall promulgate rules, including standards, under which any owner, operator, or manager of a building which is not individually metered for electricity or gas for each nonresidential rental unit may install

submetering equipment or energy allocation equipment for the purpose of fairly allocating: (1) the cost of electrical or gas consumption for each nonresidential rental unit; and (2) electrical or gas demand and customer charges made by the utility and electricity and natural gas supplier. In an effort to develop the rules to meet the requirements of the CAEA, the Commission issued Order No. 15242 on April 21, 2009 seeking comments on a proposed set of draft rules. Subsequently, after reviewing comments to the proposed draft rules, the Commission issued a NOPR that appeared in the *D.C. Register* on December 18, 2009. On May 27, 2011, the Commission published another NOPR in the *D.C. Register*. Subsequently, on November 3, 2011, Order No. 16605 was issued addressing the comments and adopting the final regulations for submetering and energy allocation. The final rules became effective upon the publication of the Notice of Final Rulemaking (NOFR) in the *D.C. Register* on November 11, 2011.

Net Metering

See the earlier section on net metering.

Long-Term Financing

Section 213 of the CAEA requires the Commission to open an investigation into mechanisms to make long-term financing available to District energy consumers to purchase (1) renewable energy generating systems; and (2) energy efficiency measures for home and businesses. The CAEA mandated that the commission initiate a proceeding within 90 days of the effective date of the Act. On December 24, 2008, the Commission issued Order No. 15148 to open a formal proceeding. Parties filed comments in response to Commission's questions and the Commission issued its Report to the Council on September 23, 2009.

RPS Requirements

On April 3, 2009, a NOPR appeared in the *D.C. Register* containing amendments to the RPS rules—including changes to compliance requirements, generator certification, and definitions. The proposed changes address certain requirements contained in the Clean and Affordable Energy Act of 2008. The amended rules in the April 3, 2009 NOPR, were adopted in Order No. 15561 (issued September 28, 2009) and became effective upon publication of the NOFR in the *D. C. Register* on October 2, 2009. As stated before, there are new RPS requirements specified in the Distributed Generation Amendment Act of 2011 and the Commission has published a NOFR that amends the RPS rules in compliance with the Act. Further amendments have also been made to address further legislative changes.

Other Current Topics Under Commission Consideration

The following topics could be the possible subjects of orders/rules in 2016:

- Implementation of RAD Subsidy Stabilization Amendment Act of 2010
- Standard Offer Service
- Implementation of Community Renewable Energy Amendment Act of 2013

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Contact for Further Questions

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