

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

ORDER

June 4, 2021

**FORMAL CASE NO. 1142, IN THE MATTER OF THE MERGER OF ALTAGAS LTD.
AND WGL HOLDINGS, INC.,**

and

**FORMAL CASE NO. 1167, IN THE MATTER OF THE IMPLEMENTATION OF
ELECTRIC AND NATURAL GAS CLIMATE CHANGE PROPOSALS, Order No. 20754**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) establishes the next steps in this proceeding. The Commission directs the Potomac Electric Power Company (“Pepco”) to file its Climate Change Commitment (including the related climate and clean energy strategy and plans) and a timeline for filing an electrification study in this proceeding within 30 days of the date of this Order. By September 30, 2021, Pepco shall file a detailed implementation plan for its Climate Change Commitment. Pepco and Washington Gas Light Company (“WGL”) are directed to file a proposed timeline for filing proposals that seek to implement the Climate Change Commitment and the Climate Business Plan¹ within 60 days of the date of this Order. WGL is directed to file the workpapers, models and related projections that support all scenarios provided in the Climate Business Plan, including the Policy Driven Electrification scenario, as well as the other information required by Paragraph 46, within 60 days of the date of this Order. Any stakeholder seeking to file an electrification study is directed to file a proposed timeline for filing the study within 30 days of the date of this Order. Comments on the above filings are due within 60 days of the date of these filings, while reply comments are due within 105 days of the date of these filings. Stakeholders may file proposed scopes of work to assist the Commission in developing a Request for Proposal (“RFP”) for a consultant to develop a comprehensive plan on how the Commission’s regulated utilities can achieve the District’s climate goals within 20 days of the date of this Order. The Commission also denies the Office of the People’s Counsel for the District of Columbia’s (“OPC”) Motion for Implementation of Next Steps² (“OPC Motion”) as duplicative of efforts in other proceedings, and grants in part and denies in part the Motion for Modification of Order No. 20662³ filed by Sierra

¹ *Formal Case No. 1142, In the Matter of the Merger of AltaGas Ltd. and WGL Holdings, Inc.* (“*Formal Case No. 1142*”), Natural Gas and its Contribution to a Low Carbon Future, Climate Business Plan for Washington, D.C., (“Climate Business Plan” or “Term No. 79 Plan”), filed March 16, 2020.

² *Formal Case No. 1167, In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals* (“*Formal Case No. 1167*”), Office of the People’s Counsel for the District of Columbia’s Motion for Implementation of Next Steps (“OPC Motion”), filed February 18, 2021.

³ *Formal Case No. 1142 and Formal Case No. 1167, Order No. 20662*, rel. November 18, 2020.

Club⁴ and the Motion for Clarification of the Environmental Defense Fund (“EDF”).⁵ The Commission grants Sierra Club, EDF, the District of Columbia Government (“DCG”), and DC Climate Action’s (“DCCA”) Petitions to Intervene⁶ in *Formal Case No. 1167*, the consent motions of AltaGas and Pepco for extensions of time to file responses to Sierra Club’s Motion,⁷ and Sierra Club’s Motion for Leave to file a Reply to AltaGas’s Opposition and Pepco’s Response (“Sierra Club Motion for Leave”).⁸

II. BACKGROUND

2. In Order No. 20662, the Commission opened *Formal Case No. 1167* to commence a climate policy proceeding to consider whether and to what extent utility or energy companies under our purview are meeting and advancing the District of Columbia’s energy and climate goals and then take action, where necessary, to guide the companies in the right direction. The Commission directed that any new proposals to implement the District of Columbia’s climate goals filed by the Commission’s regulated utility or energy companies for Commission approval, not required to be filed in other proceedings, be filed in this new proceeding.

3. On December 15, 2020, Sierra Club filed its Petition, followed by its Motion on December 18, 2020. On December 28, 2020, AltaGas filed its consent Motion for Extension of Time, followed by Pepco’s consent Motion for extension of time on December 30, 2020. On January 4, 2021, AltaGas and Pepco filed responses to the Sierra Club Motion.⁹ On January 13, 2021, Sierra Club filed its Motion for Leave, including its Reply. On February 9, 2021, EDF filed its Motion for Clarification of Order No. 20662, along with its

⁴ *Formal Case Nos. 1142 and 1167*, Sierra Club’s Motion for Modification of Commission Order No. 20662 (“Sierra Club Motion”), filed December 18, 2020.

⁵ *Formal Case No. 1167*, Motion for Clarification of Environmental Defense Fund (“EDF Motion”), filed February 9, 2021.

⁶ *Formal Case No. 1167*, Petition to Intervene of Sierra Club, filed December 15, 2020; Petition to Intervene of Environmental Defense Fund, filed February 9, 2021; The District of Columbia Government’s Petition to Intervene, filed March 5, 2021; Petition to Intervene of DC Climate Action, filed May 25, 2021.

⁷ *Formal Case Nos. 1142 and 1167*, AltaGas Ltd.’s Consent Motion for Extension of Time to Respond to Sierra Club’s Motion for Modification of Commission Order No. 20662 (“AltaGas Motion”), filed December 28, 2020; Unopposed Motion for Enlargement of Time to File Response to Sierra Club’s December 18, 2020 Motion (“Pepco Motion”), filed December 30, 2020.

⁸ *Formal Case Nos. 1142 and 1167*, Motion for Leave to File a Response and Response of Sierra Club to the AltaGas, Ltd. Opposition and Potomac Electric Power Company’s Response to Sierra Club’s Motion for Modification of Commission Order No. 20662 (“Sierra Club Reply”), filed January 13, 2021.

⁹ *Formal Case Nos. 1142 and 1167*, AltaGas Ltd.’s Opposition to Sierra Club’s Motion for Modification of Commission Order No. 20662 (“AltaGas Opposition”), filed January 4, 2021; Response of Potomac Electric Power Company to Sierra Club’s Motion for Modification of Order No. 20662 (“Pepco Response to Sierra Club Motion”), filed January 4, 2021. AltaGas includes Washington Gas Light Company (“WGL”) in its Opposition.

Petition to Intervene. AltaGas filed its Response to the EDF Motion on February 17, 2021.¹⁰ OPC filed its Motion on February 18, 2021. On February 23, 2021, AltaGas, Pepco, and Sierra Club filed Responses to the OPC Motion.¹¹ On March 5, 2021, DCG filed its Petition to Intervene. On May 25, 2021, DCCA filed its Petition to Intervene.

III. DISCUSSION

A. Procedural Motions

1. Petitions to Intervene

4. **Sierra Club.** In its Petition, Sierra Club represents that it is an environmental organization with about 800,000 members nationwide and 2,800 members in the District of Columbia. Sierra Club seeks to represent the interests of its District of Columbia members, who support the implementation of the Clean Energy DC Omnibus Amendment Act of 2018 (“Clean Energy Act”). Sierra Club also has an organizational interest in reducing the adverse climate and environmental impacts of the use of gas in the District of Columbia.¹² Sierra Club represents that it has filed comments or participated in several Commission proceedings, including *Formal Case Nos. 1142, 1154, and 1137*. Sierra Club argues that it has unique environmental interests that cannot be represented by other stakeholders in this proceeding. Sierra Club also contends that it has important information to present in this proceeding.¹³

5. **EDF.** In its Petition, EDF asserts that it is a nonprofit established to preserve natural systems. EDF has over 8,000 members in the District of Columbia and employs over 100 people in its District of Columbia office. EDF contends that by using scientific and economic methods, it seeks to develop practical solutions to environmental problems. EDF claims that it seeks to facilitate cost-effective and efficient energy market designs to encourage investment to modernize the energy grid. In this proceeding, EDF represents that it has a substantial interest in harmonizing gas policy, utility rates, programs, and policies with ambitious climate goals. EDF claims that it is active in several other state utility proceedings and that it has substantial experience regarding the issues in this proceeding.¹⁴

¹⁰ *Formal Case No. 1167*, AltaGas Ltd.’s Response to Environmental Defense Fund’s Motion for Clarification of Commission Order No. 20662 (“AltaGas Response to EDF Motion”), filed February 17, 2021.

¹¹ *Formal Case Nos. 1142 and 1167*, AltaGas Ltd.’s Response to the Office of the People’s Counsel for the District of Columbia’s Motion for Implementation of Next Steps (“AltaGas Response to OPC Motion”), filed February 23, 2021; *Formal Case No. 1167*, Response of Potomac Electric Power Company to the Office of People’s Counsel’s Motion for Implementation of Next Steps (“Pepco Response to OPC Motion”), filed February 23, 2021; Response of Sierra Club to the Office of the People’s Counsel for the District of Columbia’s Motion for Implementation of Next Steps (“Sierra Club Response to OPC Motion”), filed February 23, 2021.

¹² Sierra Club Petition at 1-2.

¹³ Sierra Club Petition at 3.

¹⁴ EDF Petition to Intervene at 6, 8.

6. **DCG.** DCG notes that it has established ambitious climate goals to meet by 2032 and 2050. Thus, DCG has an interest in the Commission’s climate change proceedings. DCG asserts that if a utility or energy company seeks to act to assist the District in achieving these goals, DCG has an interest in ensuring that these activities are appropriate and performed as effectively as possible. DCG asserts that no other party can adequately represent its interests.¹⁵

7. **DCCA.** In its Petition, DCCA represents that it is a local non-profit civic association that promotes clean, affordable, and reliable/resilient energy for all of the District and seeks to mitigate climate induced global warming by reducing greenhouse gas (“GHG”) emissions. DCCA indicates that it has participated in many recent Commission proceedings to advocate its positions. DCCA is attuned to sustainability, affordability, and equity issues involving the reduction of GHG emissions. DCCA represents that it is the only District-based civic group among the intervenors and has extensive familiarity with climate initiatives proposed by other District agencies.¹⁶

2. Decision on Petitions to Intervene

8. Under the Commission’s rules, an intervenor is a party to a proceeding and, as such, has the right to file testimony, participate in the discovery process, present and cross-examine witnesses, participate in settlement discussions, and file motions and briefs in the subject proceeding.¹⁷ These privileges go to the heart of participation in an administrative proceeding and are indicative of the important role that intervenors have, as stakeholders, in our process. The Commission has typically used a two-part test to determine whether a petition for intervention should be granted. First, the intervenor must establish that it has a substantial interest in the proceeding, and second, an intervenor must show that it has a “perspective so unique that only party status would allow it to have its view adequately represented.”¹⁸

9. After reviewing the Petitions, the Commission determines that Sierra Club, EDF, DCG, and DCCA demonstrate a substantial interest in the issues to be presented in this proceeding and a unique perspective that would aid the Commission in evaluating proposals filed in this proceeding. Therefore, the Petitions to Intervene of Sierra Club, EDF, DCG, and DCCA are granted.

¹⁵ DCG Petition to Intervene at 7.

¹⁶ DCCA Petition to Intervene at 1-3.

¹⁷ 15 DCMR § 106 et. seq. (1981).

¹⁸ See *Formal Case No. 1116, In the Matter of the Application for Approval of Triennial Underground Infrastructure Improvement Projects Plan*, Order No. 17625, ¶ 10, rel. September 9, 2014; and *Formal Case No. 1119*, Order No. 18058, ¶ 28, rel. December 17, 2015.

2. Procedural Motions

10. Both AltaGas and Pepco filed consent motions to extend the time to file responses to Sierra Club's Motion, seeking until January 4, 2021, to file their responses which the Commission grants. Both stakeholders filed their responses on January 4, 2021.

11. In its Motion for Leave, Sierra Club argues that it needs to file a reply to correct misstatements of law and other material deficiencies in the AltaGas Opposition and Pepco Response.¹⁹ In this case, the Commission grants Sierra Club's Motion for Leave and accepts the Reply to obtain more complete information regarding Sierra Club's Motion.

B. Sierra Club Motion

1. Sierra Club

12. Although the Commission indicated in Order No. 20662 that the purpose of *Formal Case No. 1167* is to further the purposes of the CleanEnergy Act, Sierra Club argues that the current design of *Formal Case No. 1167* will not lead to the development of such an implementation plan. Sierra Club contends that Order No. 20662 does not establish a procedural schedule and permits the utilities to file proposals should they choose to do so. Sierra Club argues that the utilities will not submit proposals needed to achieve the District of Columbia's climate commitments.²⁰ Since the first major milestone is 2032, the Commission must act now, Sierra Club argues. Sierra Club first urges the Commission to adopt the Department of Energy and Environment's ("DOEE") Clean Energy DC as the roadmap for determining what changes to the gas distribution system are necessary to achieve the District's climate goals.²¹

13. Sierra Club also argues that the Commission needs an independent expert to provide unbiased analysis and to identify strategies designed to achieve the climate objectives in Clean Energy DC, instead of relying on utility proposals. Sierra Club recommends creating a stakeholder selection committee including OPC, the Apartment and Office Building Association of Metropolitan Washington, DOEE, and environmental groups. Sierra Club recommends that this selection committee develop a Request for Proposal ("RFP") for Commission approval, after which the associated utility or energy company would issue the RFP. The selection committee would then select the winning bidder.²²

¹⁹ Sierra Club Reply at 1.

²⁰ Sierra Club Motion at 5.

²¹ Sierra Club Motion at 6.

²² Sierra Club Motion at 7.

2. AltaGas Opposition

14. AltaGas opposes the Sierra Club Motion, arguing that Sierra Club has not shown any reason why Order No. 20662 is unlawful or erroneous.²³ AltaGas argues that such a showing is required for the Commission to modify Order No. 20662. Instead, AltaGas contends, Sierra Club repeats arguments it already made in *Formal Case No. 1142*. AltaGas asserts that in Order No. 20662, the Commission declined to order AltaGas and WGL to file a comprehensive plan for achieving the District's climate goals, reserving that decision for the future. AltaGas argues that this decision was not erroneous. AltaGas also argues that an independent consultant is not needed at this juncture, since the Commission and its staff can provide unbiased analyses in this new case. AltaGas also asserts that the Commission can obtain outside assistance when reviewing proposals filed by the utilities.²⁴

15. AltaGas also objects to Sierra Club's assertion that utilities and energy companies cannot develop significant proposals to achieve the District's climate goals. AltaGas argues that it agreed to Term No. 79 in the *Formal Case No. 1142* Settlement Agreement committing to file a Climate Business Plan outlining its plan to evolve its business model to meet the District's climate goals. AltaGas also contends that it has filed the Climate Business Plan and it will be scheduling biannual public meetings to discuss the Climate Business Plan. AltaGas contends that Pepco has also launched a framework to combat climate change and meet the District's climate goals.²⁵ Additionally, AltaGas indicates that WGL participates in *GD-2019-04-M*, which is designed to obtain public comment on the analytical approach that the Commission should take when evaluating utility proposals on the District's climate commitments.²⁶

3. Pepco Response

16. Pepco also opposes the Sierra Club Motion. Pepco argues that it supports and is advancing the District's climate goals, including these proposals in its new Climate Change Commitment.²⁷ Pepco also notes that the Commission has many proceedings that implement Clean Energy DC and the District's climate goals in a variety of ways.²⁸ Pepco believes that the independent consultant's report that Sierra Club seeks would be inefficient, confusing, and duplicative of many of these existing initiatives and proceedings.²⁹ Pepco believes that *Formal Case No. 1167* should be the proceeding for topics, projects, and programs that are within the

²³ AltaGas Opposition at 3.

²⁴ AltaGas Opposition at 5-6.

²⁵ AltaGas Opposition at 6.

²⁶ AltaGas Opposition at 7.

²⁷ Pepco Response at 3-4.

²⁸ Pepco Response at 4-5.

²⁹ Pepco Response at 5.

Commission's jurisdiction, but not included in any other proceeding. In Pepco's view, *Formal Case No. 1167* should not supersede any existing processes.³⁰

17. Pepco also argues that the Sierra Club Motion should be denied because it was filed under the Commission rule that applies to reconsideration applications. Pepco argues that reconsideration motions are only appropriate for final orders. Pepco contends that Order No. 20662 is not a final Commission order. Additionally, Pepco asserts, Sierra Club did not indicate how Order No. 20662 is legally defective or erroneous, which is a requirement for applications for reconsideration.³¹

4. Sierra Club Reply

18. Sierra Club argues that Order No. 20662 is a final order because it ends the review process of Term Nos. 6 and 79 in *Formal Case No. 1142* and imposes an obligation on WGL and Pepco to file new proposals in *Formal Case No. 1167*. Sierra Club also argues that the Commission has determined that motions for modification are permitted when an order is not final. Sierra Club asserts that Pepco and AltaGas are in error when they contend that Sierra Club's failure to identify unlawful or erroneous actions in Order No. 20662 is grounds for denial of Sierra Club's Motion.³²

19. Sierra Club explains that its Motion recommends how the new proceeding should be structured in case the Commission moves forward with developing a comprehensive climate change plan. Sierra Club asserts that it did not ask the Commission to reconsider its decision declining to have companies file specific plans. Sierra Club contends that it is not objecting to the Commission's decisions in Order No. 20662. Sierra Club argues that AltaGas is distorting Sierra Club's positions.³³

20. Sierra Club argues that its Motion is not intended to adversely impact existing Pepco proceedings. Sierra Club asserts that it did not request reconsideration of the Commission's determination that only new proposals that are not included in other proceedings should be included in *Formal Case No. 1167*. Sierra Club asserts that Pepco's current proceedings would not be affected by the acceptance of Sierra Club's proposal, although Sierra Club comments that the inclusion of Pepco proposals in eight (8) different dockets illustrates the need for the planning proceeding proposed in Sierra Club's Motion.³⁴

21. Sierra Club argues that AltaGas does not raise any substantive objection to Sierra Club's Motion, so the Commission should take this lack of opposition into account when making

³⁰ Pepco Response at 5-6.

³¹ Pepco Response at 6.

³² Sierra Club Reply at 4-5.

³³ Sierra Club Reply at 5-6.

³⁴ Sierra Club Reply at 6-7.

a determination on the Motion. Sierra Club also contends that the Commission should consider that AltaGas does not indicate how WGL is proceeding to achieve the District's climate goals in its Opposition.³⁵

C. EDF Motion

1. EDF

22. In its Motion, EDF seeks clarification of the scope of *Formal Case No. 1167* and the procedures to be used in the proceeding. EDF claims that the Commission should establish a scope and a process for this proceeding, including development and assessment of long-term utility climate plans; annual review of utility investment and cost recovery to ensure alignment with long-term plans; and alignment of regulatory oversight with climate change goals. EDF includes its own Road Map report as an attachment, arguing that the Road Map establishes a long-term climate procedure that will reduce GHG emissions, improve regulatory oversight, protect customers from unnecessary costs, and support the provision of safe, reliable, and affordable service in the utility industry.³⁶

23. With respect to natural gas, EDF contends that traditional assumptions of increasing gas demand and an increasing legacy distribution network need to be reconsidered in light of the District's climate goals. EDF asserts that the Commission and the utility must determine how to ensure sufficient revenues while protecting customers. EDF argues that depreciation rates based on 60 or 80-year useful lives are inconsistent with the District's climate goals.³⁷ While there may still be some use of the natural gas distribution system past 2050, EDF asserts that the use of that network will probably be restricted to a limited set of customers. Referring to the electric network, EDF posits that there will be an increase in electricity demand, for which planning is required.³⁸

24. EDF argues that while Order No. 20662 acknowledges the need for a comprehensive plan to achieve the District's climate change goals, it does not establish a process to develop such a plan. EDF also asserts that Order No. 20662 does not institute mechanisms by which to hold utilities accountable for fulfilling long-term climate plans. Further, EDF contends that Order No. 20662 establishes a process for evaluating specific proposals, but not for comprehensive review of utility programs or proposals.³⁹

25. EDF argues that the Commission must assess all utility proposals for alignment with the District's climate goals, not just the proposals that the utilities choose to file with the Commission. EDF posits that WGL's proposals could actually be hindering the achievement of

³⁵ Sierra Club Reply at 7.

³⁶ EDF Motion at 6.

³⁷ EDF Motion at 6.

³⁸ EDF Motion at 6-7.

³⁹ EDF Motion at 7.

the District's climate goals by continuing to operate on a business model that encourages increased use of natural gas. EDF claims that WGL has not attempted to demonstrate alignment with the District's climate goals in its rate filings. Further, EDF contends that the Commission currently lacks a paradigm to evaluate the GHG emissions impact of utility programs and proposals. EDF asserts that it is essential for the Commission to develop such a tool and require the utilities to use it.⁴⁰

26. EDF contends that the Commission's current regulatory oversight tools are inadequate to guide utilities towards the achievement of the District's climate change goals. As an example, EDF argues that the Commission's gas supply planning process lacks transparency, looks only five years into the future, and does not include consideration of the District's climate goals.⁴¹ EDF also claims that the most recent Gas Procurement Report, filed in December 2020, does not reference either the District's climate goals or the Climate Business Plan. EDF also argues that WGL's most recent rate case approves depreciation rates based on 60-80 year useful lives, without taking into account the District's climate goals.⁴²

27. To ensure that WGL's operations align with the District's climate goals, EDF argues that the Commission should clarify Order No. 20662. EDF asserts that the Commission should establish a clear scope and procedure for the development, assessment, and implementation of plans for WGL and Pepco to comply with the District's climate goals.⁴³ While Pepco and WGL have climate change plans, EDF argues that the Climate Change Commitment and the Climate Business Plan have not been reviewed by the Commission.⁴⁴ EDF notes that Sierra Club presents a detailed recommendation for the development of long-term climate plans, while EDF presents its own Road Map.⁴⁵

28. EDF recommends that the Commission develop a long-term climate plan through an inclusive process engaging a broad range of stakeholders. In EDF's view, a long-term climate plan should ensure that the needs of disproportionately impacted communities are considered. EDF argues that the process for developing the plan should be transparent. During this process, EDF contends that the Commission should scrutinize utility filings so that they are not over-designating information as confidential. As a starting point, EDF recommends that the utilities should be required to submit supply and demand projections as well as detailed historic supply (resource stacks) and demand data.⁴⁶ EDF also argues that the Commission should establish a scope for this proceeding, require informational filings on current and proposed utility filings, and

⁴⁰ EDF Motion at 8.

⁴¹ EDF Motion at 8.

⁴² EDF Motion at 9.

⁴³ EDF Motion at 9.

⁴⁴ EDF Motion at 10.

⁴⁵ EDF Motion at 11.

⁴⁶ EDF Motion at 11.

set forth a timeline and process for intervenor participation and comments. EDF believes that this proceeding should focus on developing a long-term plan consistent with the District's climate goals and coordinating all relevant regulatory and utility decision-making with that planning process.⁴⁷

29. EDF provides several recommendations on the implementation of long-term climate plans. EDF asserts that the Commission should coordinate its review of short-term rate filings with long-term climate plans. EDF claims that evaluating individual utility proposals when they are filed will fail to address systemic issues and limit the Commission and intervenors' consideration of how these proposals interact to achieve the District's climate goals.⁴⁸ Instead, EDF proposes that the Commission develop a comprehensive process for reviewing proposals that would permit the Commission to determine whether an entire package of utility proposals would support the District's climate goals, reduce emissions in environmental justice communities, and ensure that energy bills are affordable.⁴⁹

30. For WGL in particular, EDF proposes that the Commission develop a process for ensuring that WGL's long-term climate plan becomes the basis for the annual cost reconciliation proceedings and rate case revenue requirement development. EDF contends that for annual cost reconciliation, the plan would provide the baseline, with actual costs that deviate from the baseline being considered as "variances from plan." EDF argues that the plan's peak and annual sales and throughput volumes could be used for cost allocation and rate development.⁵⁰ Similar processes could also be used for electric utilities, EDF claims.⁵¹

2. AltaGas and WGL Response

31. AltaGas and WGL urge the Commission to deny EDF's Motion on procedural and substantive grounds. First, AltaGas and WGL argue that EDF's Motion is actually a motion for reconsideration or modification of Order No. 20662, and, as such, is untimely since it was filed outside of the 30-day window for such motions.⁵² Substantively, AltaGas and WGL contend that EDF has not identified any factual or legal error in Order No. 20662 that the Commission should correct.⁵³

32. AltaGas and WGL support Order No. 20662's scope and direction. They argue that Order No. 20662 implements a holistic process for the Commission to review utility proposals and

⁴⁷ EDF Motion at 12.

⁴⁸ EDF Motion at 12.

⁴⁹ EDF Motion at 13.

⁵⁰ EDF Motion at 13.

⁵¹ EDF Motion at 13.

⁵² AltaGas Response at 4-5.

⁵³ AltaGas Response at 5-6.

determine how the utilities can assist the District in achieving its climate goals while also prioritizing public safety, reliability, and affordability.⁵⁴ They stress that D.C. Code § 34-808.02 requires the Commission to consider “public safety, District economy, conservation of natural resources, and preservation of environmental quality” in regulating utilities and energy companies. Further, AltaGas and WGL argue that Order No. 20662 is consistent with the Commission’s PowerPath DC Revised Vision Statement and Guiding Principles (“Revised Vision Statement”) included as Appendix C to Order No. 20364. AltaGas and WGL contend that their public statements and filings comport with the holistic approach adopted by the Commission in Order No. 20662.⁵⁵ AltaGas and WGL assert that Order No. 20662 establishes a process that would ensure that the District meets its energy and climate goals while preserving just and reasonable rates. They argue that a long-term process that aligns with the Revised Vision Statement would enable the District’s utilities to meet the District’s climate goals while also adhering to the Commission’s mandate for the utilities to provide safe, reliable, affordable, and equitable service to ratepayers.⁵⁶

D. OPC Motion

1. OPC

33. In its Motion, OPC proposes several next steps for this proceeding. First, OPC requests that the Commission establish the criteria and guiding principles it will use to review utility applications and proposed projects so that they will meet the District’s climate goals in an equitable and affordable manner. OPC believes that these guidelines should be developed in tandem with the framework being developed in *GD2019-04-M*. In OPC’s view, the establishment of these criteria and principles will ensure that the Commission, OPC, and stakeholders have a common method to evaluate utility proposals.⁵⁷ OPC contends that the Commission needs a set of guiding principles for evaluating climate change proposals similar to the Revised Vision Statement. To create these guiding principles, OPC suggests that the Commission obtain an independent consultant to advise and recommend principles, seek input from the public on these proposals, and establish a thorough set of questions to develop a clear climate change policy.⁵⁸

34. OPC recommends that the Commission develop more specific goals and guiding principles upon which the Commission would evaluate the required “explanation of how the proposal [filed in *Formal Case No. 1167*] would accomplish and advance the District of Columbia’s climate change goals.”⁵⁹ OPC argues that the utilities should not determine what

⁵⁴ AltaGas Response at 6-7.

⁵⁵ AltaGas Response at 7.

⁵⁶ AltaGas Response at 8.

⁵⁷ OPC Motion at 2.

⁵⁸ OPC Motion at 3.

⁵⁹ OPC Motion at 6.

information they provide in each proposal, or whether a proposal is a “climate change proposal.” Instead, OPC argues, the Commission, OPC, and stakeholders should have a common method by which to evaluate each proposal. OPC argues that these criteria and principles should apply to all climate change proposals filed by the utilities, not just those proposals filed in *Formal Case No. 1167*.⁶⁰

35. In order to establish this analytical framework, OPC proposes three steps. The first is to hire an independent consultant to propose the criteria and components that will be used to ensure that any utility climate change proposals advance the District’s climate change goals in an equitable and affordable manner. OPC argues that an independent consultant can provide expertise, guidance, and examples from other jurisdictions. Second, OPC asserts, the Commission needs to obtain input from the public so that members of the public can articulate their concerns, issues, and goals. Public input would also lead to establishing a mechanism to determine if tangible benefits are being delivered to consumers. Third, OPC argues that any proposal must address a series of focused questions. OPC provides a list of sample questions.⁶¹

2. AltaGas Response

36. AltaGas does not oppose OPC’s request for the Commission to clarify the relationship between this proceeding and *GD2019-04-M*, but objects to hiring a consultant at this time.⁶² AltaGas asserts that the Commission is able to develop criteria in *GD2019-04-M* and evaluate proposals in this proceeding without the need for a consultant.⁶³

37. AltaGas argues that obtaining a consultant would delay proceedings in both *GD2019-04-M* and *Formal Case No. 1167* and impose unnecessary costs. If the Commission determines that obtaining a consultant would be helpful, AltaGas urges the Commission to do so in such a manner as to not preclude the utilities from filing climate change proposals in 2021.⁶⁴

38. AltaGas identifies the Revised Vision Statement as an important guide in evaluating long-term plans and proposals in this docket. AltaGas supports the implementation of a long-term approach to the Commission’s review of utility proposals to determine the best way for the utilities to meet the District’s climate change goals while also prioritizing public safety, reliability, and affordability. In AltaGas’ view, any consultant obtained by the Commission should adhere to these principles. AltaGas argues that analysis of any utility proposals should use the standards developed in *GD2019-04-M* and the Revised Vision Statement and Guiding Principles to ensure that the District can meet its energy and climate goals and that rates are just and reasonable.⁶⁵

⁶⁰ OPC Motion at 6.

⁶¹ OPC Motion at 7-8.

⁶² AltaGas Response to OPC Motion at 1.

⁶³ AltaGas Response to OPC Motion at 2.

⁶⁴ AltaGas Response to OPC Motion at 2.

⁶⁵ AltaGas Response to OPC Motion at 3.

3. Pepco Response

39. Pepco objects to creating new criteria or guiding principles in *Formal Case No. 1167* because the Commission has already created a framework through the Revised Vision Statement. Pepco argues that the creation of separate criteria and guidelines specific to *Formal Case No. 1167* is unnecessary and would lead to confusion.⁶⁶

40. Pepco objects to OPC's request to obtain a consultant in this proceeding to establish the framework for evaluating utility proposals. Pepco asserts that the Revised Vision Statement and metrics being developed in *GD2019-04-M* will assist the Commission in the evaluation process.⁶⁷ Pepco also notes that the Commission has several other open proceedings that relate to the District's climate goals and policies, and interested stakeholders can comment on actions and policies that will advance the District's climate goals. Pepco asserts that it indicated in its Opposition to the Sierra Club Motion that it will report regularly on the progress made under its Climate Change Commitment. While Pepco believes that the Commission should clarify Order No. 20662, Pepco contends that the tools are in place or in progress to move this proceeding forward. Pepco asserts that Order No. 20662 was intended to develop a means to review, engage, and collaborate with stakeholders on topics, programs, and projects that will be required to meet the District's climate goals but are not being addressed in other Commission proceedings.⁶⁸

4. Sierra Club Response

41. In its Response, Sierra Club supports OPC's proposals but deems them insufficient. Sierra Club argues that the utilities cannot develop the cost effective and transformative proposals necessary for the District to meet its climate change commitments. Sierra Club argues that the Commission should adopt both the proposals in both OPC's Motion and Sierra Club's Motion.⁶⁹ Sierra Club argues that a consultant should be selected to ensure that stakeholder discussions and recommendations to the Commission are aligned with the District's climate goals. Sierra Club agrees with OPC that the first step in this process should be to establish the criteria and guiding principles that the Commission will use to review proposals. Sierra Club argues that Clean Energy DC should guide the Commission's climate change decisions.⁷⁰

42. Sierra Club argues that the independent consultant could assist both in establishing the criteria and guiding principles and evaluating proposals to determine whether any filed proposals would accomplish the District's climate goals. Since Sierra Club asserts that some

⁶⁶ Pepco Response to OPC Motion at 3.

⁶⁷ Pepco Response to OPC Motion at 3.

⁶⁸ Pepco Response to OPC Motion at 3-4.

⁶⁹ Sierra Club Response to OPC Motion at 2.

⁷⁰ Sierra Club Response to OPC Motion at 4.

utilities may not file proposals, Sierra Club asserts that the independent consultant could provide proposals and studies for each utility to determine the steps necessary for each utility to achieve the District's climate goals. Additionally, the independent consultant could establish refined frameworks to evaluate specific proposals, similar to that proposed by Consolidated Edison Company of New York.⁷¹

E. Decision

43. Sierra Club,⁷² OPC, and EDF all seek additional guidance from the Commission regarding the scope of and processes to be used in *Formal Case No. 1167*. Sierra Club has three requests in its Motion: (1) to determine that the Clean Energy DC Plan is the roadmap for achieving the District of Columbia's climate goals; (2) to have an independent consultant develop a plan for each utility and energy company to achieve the Clean Energy DC Plan goals; and (3) to have a committee of stakeholders develop the RFP for the independent consultant and choose the independent consultant. OPC also recommends that the Commission obtain a consultant, but OPC seeks: (1) to have this consultant develop standards to be used to evaluate proposals filed in this proceeding; (2) public input on these proposed standards, and (3) a determination of a list of potential questions that must be answered in proposals. EDF seeks more clarity in the procedures to be used in *Formal Case No. 1167* and for the development of a comprehensive utility climate change plan.

44. At the outset, we recognize that multiple roadmaps for moving forward in this proceeding have the potential of creating unnecessary confusion and are not in the public interest. We agree with Sierra Club that the Clean Energy DC Plan is the District Government's roadmap for achieving the District's climate goals. To the extent that the Clean Energy DC does not conflict with the Commission's statutory mandates,⁷³ the Commission can be guided by Clean Energy DC in its review of utility proposals.

45. We also agree with Sierra Club and OPC that an independent consultant would be beneficial in reviewing the Climate Business Plan, the Climate Change Commitment, EDF's Roadmap, and other stakeholder filings as well as plans from other jurisdictions, including California, Massachusetts, and New York, to determine how the Commission can advance the District's climate goals by the utilities that it regulates while still being consistent with our

⁷¹ Sierra Club Response to OPC Motion at 5-6.

⁷² Sierra Club filed its Motion pursuant to 15 DCMR § 140. Since Order No. 20662 is not final and Sierra Club has not identified any legal or factual errors Sierra Club's Motion is procedurally deficient under 15 DCMR § 140.

⁷³ For example, the D.C. Code § 34-808.02 (2020 Suppl.) provides:

in supervising and regulating utility or energy companies, the Commission shall consider the public safety, the economy of the District, the conservation of natural resources, and the preservation of environmental quality, including effects on global climate change and the District's public climate commitments.

See also D.C. Code §1-204.95 (2020).

statutory mandates, Clean Energy DC, Climate Ready DC⁷⁴ and the *Formal Case No. 1130 PowerPath DC Revised Vision Statement*'s goal of ensuring safety, reliability, affordability, and consistency.⁷⁵ To that end, the Commission will begin its RFP process to find a consultant upon the issuance of this Order and invites stakeholders to file proposed scopes of work for the Commission's consideration in developing the RFP within 20 days of the date of this Order. While the Commission welcomes the assistance of the stakeholders in developing the RFP, we decline to allow them to select the consultant.

46. Furthermore, we do not intend to delay work in other cases pending the selection of a consultant. The Commission recognizes that AltaGas and WGL filed the Climate Business Plan pursuant to Term No. 79 of the Settlement Agreement in *Formal Case No. 1142*. The Climate Business Plan presents four scenarios for achieving the decarbonization goals established in the District; favoring the fourth scenario, termed "Fuel Neutral Decarbonization," and presents several general proposals that AltaGas and WGL believe will achieve the District's climate goals under this scenario. While this scenario discusses sustainability and relative customer costs between the scenarios, it does not address safety and reliability in sufficient detail or discuss how its proposals align with the Commission's statutory mandates, Clean Energy DC, Climate Ready DC, and the Revised Vision Statement. Thus, WGL is directed to submit a filing to explain how the Fuel Neutral Decarbonization scenario in the Climate Business Plan would provide safe, reliable, affordable, and sustainable natural gas distribution service in the District consistent with the Commission's statutory mandates, Clean Energy DC, Climate Ready DC, and the Revised Vision Statement. Additionally, although the Climate Business Plan includes a high-level cost analysis, it did not provide sufficiently detailed cost analysis or a robust cost benefit analysis. The filing directed in the preceding paragraph shall include a robust cost benefit analysis of the Fuel Neutral Decarbonization scenario, the assumptions underlying the models, the workpapers to support these assumptions, and indicate the impacts of this scenario on natural gas distribution customers (including the effect on default gas customers) and members of disadvantaged communities. The filing shall also include a detailed list of individual proposed projects that WGL has already filed or intends to file to implement its scenario and both short- (5 year) and long-term (30 year) timelines for filing project proposals. In addition to WGL's proposed projects, the Commission directs WGL to provide detailed projections, models and assumptions related to the following projects as discussed in the Climate Business Plan: (a) introduction of certified natural gas into the distribution system; (b) introduction of renewable natural gas into the distribution system; and (c) electric grid storage or Tier one renewable resources projects in addition to those envisioned under Term No. 5 of the *Formal Case No. 1142 Settlement Agreement*. The project list shall include an estimate of the required investment for each project and the proposed regulatory treatment of such costs. The project list shall identify the docket in which each proposed project will be filed and shall also include other projects that have already been filed in existing dockets that are included in the Fuel Neutral Decarbonization scenario. WGL shall make this filing within 60 days of the date of this Order.

⁷⁴ Climate Ready DC. Available at <http://www.sustainabledc.org/climatereadydc>.

⁷⁵ *Formal Case No. 1130, In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability*, Order No. 20364, Appendix C, rel. June 5, 2020.

47. The Commission also recognizes that while Pepco has developed a high-level Climate Change Commitment strategy, Pepco has not yet filed a detailed short and long-term plan with the Commission. The Commission directs Pepco to file its high-level Climate Change Commitment strategy with the Commission within 30 days of the date of this Order.

48. Within 60 days of the date of this Order, Pepco shall file a list of proposed programs and initiatives that Pepco has already filed or intends to file, as part of its overall Climate Change Commitment plan, over a short term (five year) horizon and a long term (30-year) horizon. Additionally, the Commission directs Pepco to consider the potential application of utility-sponsored distributed energy resources (“DERs”), including, but not limited to energy efficiency, demand response, and energy storage programs. Such utility-sponsored DER applications should be cost-effective and provide meaningful benefits to the overall grid, from a climate/CEA perspective, as well as electric distribution system reliability and resiliency perspectives recognizing that some DER programs are under specific consideration in other open dockets, including energy storage (*Formal Case No. 1166*), microgrids (*Formal Case No.1163*), energy efficiency (*Formal Case No.1160*), and demand response programs (*Formal Case No.1086/ Formal Case No.1160*). Additionally, Pepco is free to espouse utility ownership for certain DER applications specifically as they relate to behind-the-meter versus in-front-of-meter DER applications. In terms of energy supply, Pepco should consider a plan for expanding its renewable Purchase Power Agreements purchases for default service in a reliable manner. The timeline shall identify the docket in which each proposal will be filed and include other projects that have already been filed in existing dockets.

49. By September 30, 2021, Pepco shall file a detailed implementation plan for its Climate Change Commitment, which shall include: the current emission level for the District of Columbia to be used as a starting point; multiple scenarios with proposed projects that are designed to support the development of robust and resilient decarbonization strategies to achieve the District’s climate change goals; GHG reduction projections, to the extent applicable for each scenario; modeling including detailed assumptions and projections, and key findings to support these scenarios; quantitative results and actions for program implementation and market action for each scenario; detailed workpapers and modeling assumptions; and a robust cost benefit analysis for each scenario. Two of the scenarios should be “business as usual” and “policy driven” (or full electrification) scenarios to be used to compare the scenarios. Pepco should use quantitative pathway scenario analysis in developing its scenarios. The scenarios should include all three sectors – the energy supply sector, the transportation sector, and the building sector. Further, the filing should address how Standard Offer Service (“SOS”) and disadvantaged communities will be affected by the scenarios. The Climate Change Commitment should also indicate the scenario that Pepco favors based on the modeling results. Pepco is also directed to explain how the Climate Change Commitment would provide safe, reliable, affordable, and sustainable electric distribution service and discuss how its proposals align with the Commission’s statutory mandates, Clean Energy DC, Climate Ready DC, and the Revised Vision Statement. Pepco is required to provide detailed cost and investment projections, as well as specific detailed projected reliability performance standards for different scenarios.

50. The Climate Business Plan includes cost modeling for electrification of the District of Columbia. AltaGas and WGL argue that this cost modeling demonstrates that electrification is

prohibitively expensive. In order to evaluate this assertion, WGL is directed to file the workpapers, models and related projections that support all scenarios included in the Climate Business Plan, including the Policy Driven Electrification scenario, within 60 days of the date of this Order. The Commission also needs electrification cost and investments modeling and projections, as well as the associated cost benefits analysis, from other sources. To that end, the Commission directs any other stakeholder that seeks to file cost models for electrification in the District to inform the Commission when those filings will be made with the Commission within 30 days of the date of this Order.

51. Once these reports and plans have been filed, stakeholders will have the opportunity to file comments and reply comments on these filings. Comments are due within 60 days of the filings, while reply comments are due within 105 days of the filings.

52. Several stakeholders seek further clarity regarding the methodology to be used to review project proposals filed in *Formal Case No. 1167*. In Order No. 20662, the Commission determined that the framework and standards to be developed in *GD2019-04-M* and *Formal Case No. 1160*, to the extent the standards developed in *Formal Case No. 1160* were applicable, would guide the Commission in evaluating climate change proposals in *Formal Case No. 1167* and other dockets. To clarify, in *GD2019-04-M*, the Commission is: (1) establishing the framework for measurement and metrics for GHG and CO₂ equivalents; (2) setting the framework for the benefit/cost analysis regarding utility climate change projects; and (3) establishing reporting requirements regarding GHG reductions and performance. The Commission continues to support the development of the criteria for evaluating projects in *GD2019-04-M* and *Formal Case No. 1160*, because these proceedings have already begun, with multiple stakeholders developing and presenting proposals to the Working Groups in those proceedings. Additionally, the Commission has a consultant in *GD2019-04-M* that is assisting in developing guidelines.⁷⁶ Thus, the Commission denies OPC's Motion to obtain an independent consultant to develop guidelines in this docket, since this consultant's work would be duplicative of work in *GD2019-04-M* and *Formal Case No. 1160*. The Commission encourages OPC to present the questions contained in its Motion, and any other matters that OPC believes are relevant for consideration to the *GD2019-04-M* Working Group for consideration.

53. The *GD2019-04-M* Working Group is projected to file its framework in September 2021.⁷⁷ Therefore, both WGL and Pepco will be directed to update and supplement their filings consistent with the guidance received in the *GD2019-04-M* docket.

54. Since the Commission believes that OPC's requests will be addressed in *GD2019-04-M*, OPC's Motion is denied. The Sierra Club and EDF Motions are granted in part, as the Commission is seeking a consultant to assist in developing a climate change plan and has provided more clarity on the framework and processes to be included in *Formal Case No. 1167*, and denied

⁷⁶ This is a stakeholder process. However, among other things, the consultant is advising the Commission on the appropriate analytical approach that it should take when considering the effects of a utility proposal on global climate change and the District's public policy commitments, including whether specific GHG emissions reporting requirements, metrics for GHG emissions reduction, and carbon footprint metrics should be used.

⁷⁷ *GD2019-04-M*, Joint Request for Additional Time to File Working Group Report, filed March 19, 2021.

in part, because the Commission does not accept all of Sierra Club and EDF's proposals at this time.

THEREFORE, IT IS ORDERED THAT:

55. The Petition to Intervene of Sierra Club is **GRANTED**;
56. The Petition to Intervene of Environmental Defense Fund is **GRANTED**;
57. The District of Columbia Government's Petition to Intervene is **GRANTED**;
58. The Petition to Intervene of DC Climate Action is **GRANTED**;
59. AltaGas Ltd.'s Consent Motion for Extension of Time to Respond to Sierra Club's Motion for Modification of Commission Order No. 20662 is **GRANTED**;
60. The Unopposed Motion for Enlargement of Time to File Response to Sierra Club's December 18, 2020 Motion filed by the Potomac Electric Power Company is **GRANTED**;
61. The Motion for Leave to File a Response and Response of Sierra Club to the AltaGas, Ltd. Opposition and Potomac Electric Power Company's Response to Sierra Club's Motion for Modification of Commission Order No. 20662 is **GRANTED**;
62. The Sierra Club's Motion for Modification of Commission Order No. 20662 is **GRANTED in part** and **DENIED in part**;
63. The Motion for Clarification of Environmental Defense Fund is **GRANTED in part** and **DENIED in part**;
64. The Office of the People's Counsel for the District of Columbia's Motion for Implementation of Next Steps is **DENIED**;
65. Washington Gas Light Company is **DIRECTED** to file the workpapers and other materials that support the Climate Business Plan as outlined in Paragraph 46 within 60 days of the date of this Order;
66. The Potomac Electric Power Company is **DIRECTED** to file its Climate Change Commitment in this proceeding within 30 days of the date of this Order;
67. The Potomac Electric Power Company and Washington Gas Light Company are **DIRECTED** to file a timeline for filing proposals that seek to implement the Climate Change Commitment and the Climate Business Plan within 60 days of the date of this Order;
68. By September 30, 2021, the Potomac Electric Power Company shall file a detailed implementation plan for its Climate Change Commitment as outlined in Paragraph 49;

69. The Potomac Electric Power Company is **DIRECTED** to file a proposed timeline for filing a study regarding the effects of electrification on the electric grid in the District of Columbia within 30 days of this Order;

70. Any stakeholder seeking to file an electrification study is **DIRECTED** to file a proposed timeline for filing a study regarding the effects of electrification on the electric grid in the District of Columbia within 30 days of the date of this Order;

71. Comments on the Potomac Electric Power Company, Washington Gas Light Company, and stakeholder filings in response to paragraph 50 are due within 60 days after the date of their filing;

72. Reply comments on the Potomac Electric Power Company, Washington Gas Light Company, and stakeholder filings in response to paragraph 50 are due within 105 days after the date of their filing; and

73. Stakeholders may file proposed scopes of work for the Commission’s consideration in developing the request for proposal within 20 days of the date of this Order.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:



CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**