

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

**March 19, 2024**

**FORMAL CASE NO. 1155, IN THE MATTER OF THE APPLICATION OF THE  
POTOMAC ELECTRIC POWER COMPANY FOR APPROVAL OF ITS  
TRANSPORTATION ELECTRIFICATION PROGRAM,**

and

**ELECTRIC TARIFF 2022-06, IN THE MATTER OF THE POTOMAC ELECTRIC  
POWER COMPANY'S PLUG-IN-VEHICLE – GREEN RIDER TARIFF RATE, P.S.C.-  
D.C. No. 1, Order No. 21970**

**I. INTRODUCTION**

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) approves the Potomac Electric Power Company’s (“Pepco” or “Company”) Plug-in Vehicle – Green Rider (PIV-Green Rider) tariff rate tariff filing.

**II. BACKGROUND**

2. On December 11, 2023, Pepco filed a tariff amendment updating the rate for its PIV-Green Rider.<sup>1</sup> Pepco proposes to update its PIV-Green Rider rate from \$0.03300 per kilowatt-hour to \$0.03413 per kilowatt-hour.<sup>2</sup> The PIV-Green Rider rate is currently available to customers under Schedule R-PIV and provides 100% renewable energy if the customer opts into Schedule R-PIV. Pepco’s rider is updated biannually based on up-to-date market prices and District of Columbia Renewable Portfolio Standards. Pepco’s Rider Update includes the current and proposed PIV-Green Rider and the calculation of the PIV-Green Rider rate. Pepco requests that the proposed update to its PIV-Green Rider rate be approved effective on and after February 1, 2024.<sup>3</sup>

3. On December 22, 2023, the Commission published a Notice of Proposed Tariff in the *D.C. Register* inviting public comments on Pepco’s proposed tariff update.<sup>4</sup> On January 19, 2024, the Office of the People’s Counsel for the District of Columbia (“OPC”) filed comments in

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<sup>1</sup> *Formal Case No. 1155, In the Matter of the Application of the Potomac Electric Power Company for Approval of its Transportation Electrification Program (“Formal Case No. 1155”), and Electric Tariff 2022-06, In The Matter of Potomac Electric Power Company’s Plug-In-Vehicle-Green Rider Tariff Rate, P.S.C.-DC. No. 1 (“ET2022-06”), Potomac Electric Power Company’s Proposed Green Rider Tariff Update, filed December 11, 2023 (“Pepco’s Rider Update”).*

<sup>2</sup> *Formal Case No. 1155 and ET2022-06, Pepco’s Rider Update.*

<sup>3</sup> *Formal Case No. 1155 and ET2022-06, Pepco’s Rider Update.*

<sup>4</sup> *70 D.C. Reg. 016442-016443 (December 22, 2023).*

response to the proposed tariff update.<sup>5</sup> On January 24, 2024, the Department of Energy and Environment (“DOEE”) filed a letter in support of OPC’s comments.<sup>6</sup> On January 30, 2024, Pepco filed a Motion for Leave to File Reply Comments and Reply Comments.<sup>7</sup>

### III. DISCUSSION

4. OPC requests the Commission direct Pepco to calculate the PIV-Green Rider rate using the last 12-month average of Renewable Energy Certificates (“RECs”) and Solar RECs (“SRECs”) market price asserting that it is in the public interest that Pepco uses robust, accurate, and publicly verifiable data to calculate the tariff rate and keep it affordable. OPC noted that while Pepco’s calculation of the PIV-Green Rider rate uses a \$445/MWh Solar Renewable Energy Certificate price, this SREC price was not reflected in publicly available market data, and it appears that Pepco’s rate was calculated using a random price that is about \$25 higher than the observed 12-month average price of SREC Bids in the District of Columbia. OPC suggests calculating the rate once a year, based on the average price of RECs and SRECs for the 12 months preceding the rate.<sup>8</sup> DOEE agrees with OPC’s position.<sup>9</sup>

5. On January 30, 2024, Pepco filed a Motion for Leave to File Reply Comments and Reply Comments.<sup>10</sup> In its Reply Comments, Pepco provides additional information on how the Company calculates the PIV-Green Rider rate. Pepco explains that the PIV-Green Rider rate is updated on a bi-annual basis to reflect what Pepco will pay when it must purchase renewable energy credits. Pepco states that the Company’s calculation method for the PIV-Green Rider rate relies on the REC and SREC Ask Price trade data from the 30 days prior to the bi-annual filing and uses the average of the Ask Price over the 30-day period to calculate the rate. According to Pepco, to obtain the most relevant trade data, the Company subscribes to ICAP Energy LLC, as this service provides Pepco with both the Bid Price and Ask Price, unlike the free version of SREC Trade utilized by OPC. The Company notes that the Bid price provided publicly represents the prices that a buyer on the market wishes to pay for a REC; whereas the Ask Price is what a seller

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<sup>5</sup> *Formal Case No. 1155*, Office of the People’s Counsel for the District of Columbia’s Comments Regarding Pepco’s Proposed Plug-In Vehicle-Green Rider Tariff and Rate Update, filed January 19, 2024 (“OPC’s Comments”).

<sup>6</sup> *Formal Case No. 1155*, Letter from Brian Schwalb, Attorney General, to Brinda Westbrook-Sedgwick, filed January 24, 2024 (“DOEE’s Letter”).

<sup>7</sup> *Formal Case No. 1155 and ET2022-06*, Potomac Electric Power Company’s Motion for Leave to File Reply Comments and Reply Comments to the Comments filed by the Office of the People’s Counsel for the District of Columbia, filed January 30, 2024 (“Pepco’s Reply Comments”).

<sup>8</sup> OPC’s Comments at 2.

<sup>9</sup> DOEE’s Letter.

<sup>10</sup> Pepco’s Reply Comments.

is willing to accept. Pepco states that it relies on the Ask Price rather than the Bid Price because it must purchase RECs and SRECs on the spot market rather than at a price of its choosing.<sup>11</sup>

6. Furthermore, Pepco explains that OPC's method for calculating SRECs fails to account for the lowest price a seller will accept for their certificates and instead calculates its price based on averaging the Bid-only price for a twelve-month period using SREC Trade data. When Pepco must purchase RECs to satisfy its Green Rider obligations, it typically does so through spot market REC procurements around April each year. OPC's pricing model does not account for nor acknowledge that the Bid Price is not reflective of the price sellers are willing to accept for RECs.<sup>12</sup> Pepco argues that since the PIV-Green Rider rate is dependent on market conditions and fluctuations, using an annual update, as OPC suggests, would lead to less accuracy in the determination of the rate.<sup>13</sup> Pepco states that the Company has used this methodology in calculating the PIV-Green Rider rate since 2019.<sup>14</sup>

#### IV. DECISION

7. OPC suggests calculating the PIV-Green Rider rate based on the 12-month average price of SREC Bids, or Bid Price, in the District of Columbia. Pepco argues that OPC's proposed methodology does not reflect the actual price sellers are willing to accept for RECs and is not as accurate as the Ask Price that Pepco uses. Pepco argues that since the rate is dependent on market conditions, updating the rate bi-annually ensures that the rate charged to customers more accurately reflects market conditions.

8. We are persuaded that Pepco's biannual updates allow the tariff rate to be calculated more accurately based on market conditions. The Commission is not persuaded by OPC's recommendation to use an annual calculation since the rate may not accurately reflect market prices that would be impacted by the statutorily prescribed increased RPS requirements.<sup>15</sup> Pepco has used the same methodology since 2019, and the Commission finds that the methodology produces more accurate prices for customers who elect to charge their vehicles with 100% green energy. Therefore, the Commission approves Pepco's PIV-Green Rider rate tariff as filed. The tariff shall become effective upon the publication of the Notice of Final Tariff in the *D.C. Register*.

#### **THEREFORE, IT IS ORDERED THAT:**

9. The Potomac Electric Power Company's Motion for Leave to File Reply Comments is **APPROVED**;

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<sup>11</sup> The Commission has broad authority in managing its docket and generally will grant a request of this nature if good cause is shown. The Commission finds that Pepco has demonstrated good cause and grants the motion. Pepco's comments will aid in the deliberations on this matter.

<sup>12</sup> Pepco's Reply Comments at 4.

<sup>13</sup> Pepco's Reply Comments at 5.

<sup>14</sup> Pepco's Reply Comments at 3-4.

<sup>15</sup> See D.C. Code § 34-1432; also see D.C. Code § 34-1434.

10. The Potomac Electric Power Company's PIV-Green Rider tariff is **APPROVED**;  
and

11. The Potomac Electric Power Company's proposed PIV-Green Rider tariff shall become effective upon the issuance of this Order and upon publication of a Notice of Final Tariff in the *D.C. Register*.

**A TRUE COPY:**

**BY DIRECTION OF THE COMMISSION**

A handwritten signature in black ink, reading "Brinda Westbrook-Sedgwick". The signature is written in a cursive, flowing style.

**CHIEF CLERK:**

**BRINDA WESTBROOK-SEDGWICK  
COMMISSION SECRETARY**

COMMISSION ACTION

FORMAL CASE NO. 1155, IN THE MATTER OF THE APPLICATION OF THE POTOMAC ELECTRIC POWER COMPANY FOR APPROVAL OF ITS TRANSPORTATION ELECTRIFICATION PROGRAM,  
and

ELECTRIC TARIFF 2022-06, IN THE MATTER OF THE POTOMAC ELECTRIC POWER COMPANY'S PLUG-IN-VEHICLE – GREEN RIDER TARIFF RATE, P.S.C.- D.C. No. 1.,

Date 3/19/24 Formal Case No. 1155 Tariff No. ET2022-06 Order No. 21970 & NOFT

	<b>Approved by Voice Vote</b>	<b>Disapprove Initial &amp; Date</b>	<b>Abstain Initial &amp; Date</b>
Chairman Emile Thompson	<u>ET/CL 3/19/24</u>	_____	_____
Commissioner Richard A. Beverly	<u>RAB/CL 3/19/24</u>	_____	_____
Commissioner Ted Trabue	<u>TT/CL 3/19/24</u>	_____	_____

Certification of Action

*C. Lipscombe*  
General/Deputy General Counsel

Hunter Davis  
OGC Counsel/Staff