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**People's Counsel**

October 15, 2024

Brinda Westbrook-Sedgwick  
Commission Secretary  
Public Service Commission  
of the District of Columbia  
1325 G Street, N.W., Suite 800  
Washington, D.C. 20005

**Re: Formal Case No. \_\_\_\_\_, In the Matter of the Petition for Investigation into the Impact of the PJM Capacity Auction**

Dear Ms. Westbrook-Sedgwick:

Enclosed for filing in the above-referenced proceeding, please find the *Office of the People's Counsel for the District of Columbia's Petition for an Investigation into the Impact of the PJM Capacity Auction and a Request for the Establishment of a Task Force to Develop Solutions.*

If there are any questions regarding this matter, please contact me at 202.727.3071.

Sincerely,

*/s/ Laurence C. Daniels*  
Laurence C. Daniels  
Director of Litigation

Enclosure

cc: Parties of record

**BEFORE THE  
PUBLIC SERVICE COMMISSION  
OF THE DISTRICT OF COLUMBIA**

**In the Matter of** )  
**the Petition for Investigation** )  
**into the Impact of the** ) **Formal Case No.** \_\_\_\_\_  
**PJM Capacity Auction** )

**OFFICE OF THE PEOPLE'S COUNSEL FOR THE DISTRICT OF  
COLUMBIA'S PETITION FOR AN INVESTIGATION INTO  
THE IMPACT OF THE PJM CAPACITY AUCTION AND A REQUEST  
FOR THE ESTABLISHMENT OF A TASK FORCE TO DEVELOP SOLUTIONS**

**I. INTRODUCTION**

Pursuant to Rules 101.1 and 105.8 of the Rules of Practice and Procedure of the Public Service Commission of the District of Columbia (“PSC” or “Commission”),<sup>1</sup> the Office of the People’s Counsel for the District of Columbia (“OPC” or “Office”), the statutory representative of District of Columbia ratepayers/consumers with respect to utility matters,<sup>2</sup> respectfully petitions the Commission to initiate an investigation into the significant consequences of the July 2024 PJM Interconnection capacity auction. Specifically, OPC respectfully requests the Commission form a dedicated task force to (1) study the immediate and long-term financial impact of the July PJM capacity auction, (2) develop a robust education and outreach plan to assist consumers in understanding and preparing for the new charges set to take effect in June 2025 and (3) learn what changes Pepco will make to its business strategy in light of the capacity auctions.

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<sup>1</sup> 15 DCMR § 101.1 (Lexis 2020).

<sup>2</sup> D.C. Code § 34-804 (Lexis 2020).

## **II. BACKGROUND AND PUBLIC INTEREST CONCERNS**

The PJM capacity auction, also known as the base residual auction (BRA), determines the cost of ensuring that sufficient electricity resources are available to meet the demand of consumers within the PJM Interconnection's region, which includes 13 states and the District of Columbia.<sup>3</sup> The results of these auctions directly affect wholesale electricity prices and, ultimately, the rates paid by DC residents. Given the complexities and financial implications, OPC believes the Commission must proactively address the outcomes of the most recent capacity auction and their potential impact on ratepayers. On July 30, 2024, PJM released the results of the capacity auction for the 2025/2026 delivery year, which determines prices beginning on June 1, 2025, until May 31, 2026. The results of that auction indicate there will be over an exponential increase in prices across PJM states.

The gravity of this issue is particularly pronounced for lower-income and financially vulnerable populations, who are disproportionately affected by rising energy costs. The public interest mandates that the Commission take decisive action to protect consumers from unjust and unreasonable rates, ensure transparency, and hold Pepco accountable for its response to these market conditions.

The necessity of this task force cannot be overstated. The public interest demands that the Commission act with urgency and foresight to protect consumers from the adverse effects of rising capacity costs. The creation of this task force is not merely a regulatory exercise—it is an essential step in safeguarding the financial well-being of District residents and ensuring that the city's climate goals are not adversely affected.

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<sup>3</sup> The PJM jurisdictions include Delaware, Illinois, Indiana, Kentucky, Maryland, Michigan, New Jersey, North Carolina, Ohio, Pennsylvania, Tennessee, Virginia, West Virginia and the District of Columbia.

OPC emphasizes that proactive engagement at both the local and federal levels is crucial to minimizing the negative impacts on consumers. By taking immediate action, the Commission can ensure that Pepco's business practices are adjusted in a manner that prioritizes consumer interests, and that the public is adequately informed and prepared for the upcoming rate changes.

### **III. REQUEST FOR THE CREATION OF A TASK FORCE**

Pursuant to Rule 105.8,<sup>4</sup> OPC respectfully requests the Commission establish a task force to undertake the following essential activities to protect the public interest in response to the volatile price increases caused by the most recent PJM capacity auction.

To effectively address the capacity cost issue and the resulting increase in utility rates, it is essential that the task force comprise a well-rounded group of stakeholders with relevant expertise. At a minimum, the following entities should be represented on the task force:

**The Office of the People's Counsel:** As the primary advocate for consumers, this office brings critical expertise in consumer advocacy and maintains strong connections with organizations that serve consumers, ensuring their interests are prioritized.

**The DC Public Service Commission:** Representation should include both an advisor to the commissioners and a member from the PSC's Consumer Services Division, providing regulatory oversight and insights into customer service impacts.

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<sup>4</sup> 15 DCMR § 105.8 (Lexis 2020).

**Pepco and Washington Gas:** Representatives from these utility providers should have expertise in consumer services and regulatory processes to help ensure that proposed solutions align with current operational practices and regulations.

**The Department of Energy and Environment:** A representative with expertise in distributing financial assistance to consumers will help ensure that support programs for affected ratepayers are part of the solution.

**The Council of the District of Columbia and the Mayor's Office:** Both should have a member involved in constituent outreach to represent the concerns and needs of local communities, ensuring that the government plays an active role in resolving this issue.

By including these entities, the task force will have the necessary breadth of expertise to develop comprehensive, equitable, and practical solutions that address the complexities of capacity costs and protect consumers. This diverse representation ensures that all perspectives are considered in crafting a sustainable and fair approach to managing rate increases.

The task force should sunset once a comprehensive, sustainable solution to the capacity cost issue has been developed, implemented, and monitored for effectiveness. This would include ensuring that any consumer protection measures, financial assistance programs, or regulatory changes are functioning as intended, and that stakeholders agree the rate impacts have been addressed to a satisfactory level. Alternatively, the group could also disband when the Public Service Commission and other key agencies determine that the issue no longer requires ongoing collaborative oversight.

The initial focus of the task force should be on the items listed below:

1. *Study the Impact of the Recent PJM Capacity Auction*

The task force should conduct a thorough examination of the most recent PJM capacity auction, focusing on how the results will affect electricity rates for consumers in the District of Columbia. This analysis should include an assessment of both the short-term and long-term financial and operational impacts, identifying specific risks to consumers and developing mitigation strategies to minimize potential rate increases. OPC has begun this work by contracting an economist to conduct an analysis of the financial impact of the auction on District consumers. The finished product will be in line with the study conducted by the Office of the People's Counsel in Maryland entitled *Bill and Rate Impacts of PJM's 2025/2026 Capacity Market Results & Reliability Must-Run Units in Maryland*. The Office will share the results of its study with the task force and use it to develop solutions.

2) *Develop A Robust Education and Outreach Plan and Increase Funding of Low-Income Programs*

As the new charges resulting from the PJM auction are set to take effect in June 2025, many consumers in the District of Columbia will face a substantial financial burden that they may not be adequately prepared to manage. These changes will have a disproportionate impact on vulnerable populations, especially low-income residents, who already struggle with rising utility costs. For this reason, it is essential to establish a task force focused on two critical objectives: (1) the development of a comprehensive education and outreach plan to inform consumers of these upcoming changes and (2) the identification of additional financial resources to enhance existing low-income support programs and provide practical tools to help consumers manage increased energy costs.

### *A. The Development of a Consumer Education and Financial Relief Plan*

The first priority of the proposed task force must be to design and implement a robust education and outreach initiative that ensures consumers are fully informed about the upcoming changes and potential impacts. It is crucial that consumers, particularly those in financially vulnerable positions, are aware of the rate changes and understand how they may affect their monthly energy bills. The education plan should prioritize widespread consumer engagement through various mediums, including public workshops, digital platforms, and strategic partnerships with local community organizations. This multi-faceted approach will ensure that the information reaches a broad audience and equips residents with the knowledge needed to make informed decisions about their energy use.

### *B. Establishing Financial Relief and Support for Low-Income Consumers*

The second essential objective of the task force is to identify and secure additional funding to support existing low-income programs while also exploring new, innovative approaches to controlling energy costs. Given the anticipated financial strain from the increased charges, it is imperative that the task force work to expand the resources available for low-income households before June 2025, enabling consumers to access much-needed financial relief. Moreover, the task force should leverage its expertise to develop tools and strategies that empower consumers to better manage their energy consumption and, consequently, their energy bills.

Last, the task force must create an easily navigable system to apply for financial assistance. By simplifying the process and providing direct, clear guidance, the task force can help mitigate the financial burden on the greatest number of vulnerable residents.

3) *The Commission Must Require Pepco to Explain How It Will Adjust Its Business Practices in Response to the Increased Costs Caused by the Capacity Market.*

In light of the PJM capacity auction results leading to increased electricity rates, the District of Columbia Public Service Commission must require comprehensive information from Pepco to assess how these rising costs will impact ratepayers, the city's climate goals and how the utility plans to manage the situation. At a minimum, the Commission needs to require Pepco to 1) provide a clear explanation of the auction results, detailing how much capacity was procured, at what cost, and the specific impact this will have on electricity rates in the District of Columbia; 2) require Pepco to detail any strategies it has in place to minimize the impact of these capacity charges on customers; 3) have Pepco explain how the company plans to inform customers about the rate increases and the reasons behind them, specifically, any changes or expansions to customer assistance programs, particularly for low-income households, to ensure that vulnerable populations are protected from the brunt of the rate hike; 4) have Pepco explain its long-term strategies for reducing the risk of future capacity price volatility, specifically, any future investment in renewable energy, distributed energy resources, or other technologies that reduce reliance on the PJM capacity market. And finally, 5) Require Pepco to explain how and to what extent the increase in the capacity market over the next few years will impact the District of Columbia's climate goals. Taken together, this information should be used to help the Commission understand how the volatile capacity market will impact the way Pepco does business in the city.

**IV. CONCLUSION**

**WHEREFORE**, for the foregoing reasons, the Office respectfully requests the Commission grant this Petition and establish a task force to understand the impact of the PJM capacity auction develop solutions to protect consumers from volatile cost increases and prevent adverse outcomes for the city's climate goals.

Respectfully submitted,

*/s/ Sandra Mattavous-Frye*

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Dated: October 15, 2024

## CERTIFICATE OF SERVICE

**Formal Case No. \_\_\_\_\_, In the Matter of the Petition for Investigation into the Impact of the PJM Capacity Auction**

I certify that on October 15, 2024, a copy of the *Office of the People's Counsel for the District of Columbia's Petition for an Investigation into the Impact of the PJM Capacity Auction and a Request for the Establishment of a Task Force to Develop Solutions* was served on the following parties of record by hand delivery, first class mail, postage prepaid or electronic mail:

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