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April 28, 2025

VIA ELECTRONIC FILING

Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission of the District of Columbia
1325 "G" Street, N.W., 8th Floor
Washington, D.C. 20005

Re: FC 1167 [Washington Gas's Comments]

Dear Ms. Westbrook-Sedgwick:

Pursuant to Order No. 22339 in the above-referenced proceeding Washington Gas Light Company hereby files its Comments.

Please direct questions regarding the Proposal to the undersigned.

Sincerely,

John Dodge
Associate General Counsel and Director,
Regulatory Matters

cc: Per Certificate of Service

BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF	)	
	)	
THE IMPLEMENTATION OF ELECTRIC	)	
AND NATURAL GAS CLIMATE CHANGE	)	Formal Case No. 1167
PROPOSALS	)	
	)	
	)	

WASHINGTON GAS LIGHT COMPANY'S COMMENTS ON ESTABLISHING A THERMAL PLANNING PROCEEDING

On December 10, 2024, the Public Service Commission of the District of Columbia ("Commission") issued Order No. 22339 in Formal Case No. 1167, a "climate policy proceeding to consider whether and to what extent utility or energy companies under [the District's] purview are meeting and advancing the District's energy and climate goals."[1] In Order No. 22339, the Commission acknowledged "that many other jurisdictions have established gas planning dockets, including thermal gas proceedings," and invited "input from stakeholders regarding the feasibility of establishing such a gas planning proceeding."[2] Washington Gas Light Company ("Washington Gas" or "Company") respectfully submits these comments in response to the invitation in Order No. 22339, including the following key points:

1. If the Commission is inclined to open a thermal policy proceeding, it should focus on coordinated energy systems planning for both the gas and electric sector. The Commission can fulfill its duties to ensure reasonably safe and adequate, and in all

[1] *In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals*, Formal Case No. 1167, Order No. 22339 at 2 (Dec. 10, 2024) (citing Order No. 20662, rel. Nov. 18, 2020).

[2] *Id.* at ¶ 26.

respects just and reasonable services to the public *only* if it examines the distribution of *all energy*—that is, electricity and natural gas *in tandem*—if it is to successfully solve the evolving energy equation in the District. Thus, if the Commission intends to open a new energy policy planning proceeding, it should conduct a joint analysis of gas and electricity systems, as the future of the gas and electric sectors in the District are inextricably linked.

2. Any energy planning proceeding should comply with the Commission's statutory duty to ensure the continued viability of the utilities it regulates. If the Commission establishes an energy planning proceeding that includes the gas system, it must continue to honor the Commission's statutory duty to ensure the viability of the utilities it regulates, the gas utility's statutory duty to provide adequate and reasonable gas service, customers' statutory rights to receive adequate and reasonable gas service, and the foundational regulatory compact that lies at the core of all these rights and duties. Relatedly, the Commission must also act in accordance with Washington Gas's Federal Charter, which grants it the right to sell gas in the District. In addition, any energy planning proceeding should not delay other approvals (*e.g.,* Formal Case No. 1179) necessary to allow for the provision of safe and reliable service to customers or the timely cost recovery needed by the utilities.

I. COMMENTS

Founded by an Act of Congress over 176 years ago,[3] Washington Gas has been providing safe, reliable natural gas service to over 1.2 million residential, commercial, and industrial customers in the District of Columbia (approximately 165,000 customers),

[3] Pub. L. No. 90, 53rd Cong. S. 2032 (June 30, 1953); Pub. L. No. 577, 74th Cong. S. 3977 (May 11, 1936); An Act to incorporate the Washington Gas Light Company, 9 Stat. 722, 723 (1848), et seq. ("Federal Charter").

Virginia (approximately 554,000 customers), and Maryland (approximately 515,000 customers). Washington Gas is actively engaged in planning for the gas service in the District as part of Formal Case No. 1167 and beyond. The Company completed its initial Climate Business Plan in 2020 and submitted a two-part Climate Change Action Roadmap to the Commission in December of 2021 and January of 2022.[4] Furthermore, the Company has been engaged in advancing the safety and reliability of its infrastructure to reduce methane leaks and improve system resilience and performance;[5] the development or exploration of combined heat and power ("CHP"), renewable natural gas ("RNG"), enhancing its energy efficiency and conservation programs;[6] advancing the safety and reliability of its infrastructure to reduce methane leaks and improve system resilience and performance;[7] and educating the public on how the appliances they choose impact energy consumption and the environment.[8] These initiatives underscore Washington Gas's efforts to reduce emissions while maintaining the reliability and affordability of energy services.

A. Any Thermal Planning Proceeding Should Include Both Gas and Electric.

i. Joint Gas and Electric Energy Planning

[4] Washington Gas, *Natural Gas and its Contribution to a Low Carbon Future: Climate Business Plan for Washington, D.C.* (Mar. 2020); Washington Gas, *Climate Change Action Program Part 1* (Dec. 15, 2021); Washington Gas, *Climate Change Action Roadmap Part 2* (Jan. 18, 2022).

[5] Washington Gas, *Project Pipes*, https://www.washingtongas.com/safety-education/safety/pipe-replacement-projects/projectpipes (last visited Apr. 28, 2025).

[6] Washington Gas, *Energy Efficiency Opportunities for Income-Qualifying Maryland Customers*, https://wgsmartsavings.com/programs-rebates/md/income-qualifying-energy-efficiency-program (last visited Apr. 28, 2025).

[7] Washington Gas, *Project Pipes*, https://www.washingtongas.com/safety-education/safety/pipe-replacement-projects/projectpipes (last visited Apr. 28, 2025).

[8] Washington Gas, *Full Fuel Cycle*, https://www.washingtongas.com/safety-education/education/full-fuel-cycle (last visited Apr. 28, 2025).

In recognition of the interrelatedness of the gas and electric systems, the Commission should not silo the District's primary, complimentary energy systems. Instead, any future thermal planning proceeding must consider the future of both gas and electricity in the District. Such an integrated planning approach is required to ensure that sufficient gas and power capacity exists over the planning timeframe to serve projected future load and to reduce emissions in an effective manner. Absent such an integrated planning approach, it is unlikely that investments in these energy systems will be optimized to achieve cost, reliability, or emission reduction objectives.

The future of all energy sources in the District are inextricably linked, and the goals for the future of gas will impact the electricity needs of the region. This truth is reflected in a recently published report from PJM titled *Strategies for Enhanced Gas-Electric Coordination*, that highlights "the need for increased coordination of both the markets and operations of gas and electricity infrastructure to enhance the reliability of both of these essential services."[9] As an example of the interrelatedness of the gas and electric systems, PJM points to Winter Storms Elliot and Uri, in which "[c]ertain electric-powered natural gas compressor stations and processing facilities were affected by an interruption of electric supplies, which then led to declines in available commodity to fuel electric generators."[10]

The takeaway, PJM states, is that "co-dependencies, without adequate backup facilities, can represent a significant area of vulnerability for both systems."[11] As part of

[9] PJM, *Strategies for Enhanced Gas-Electric Coordination* 2 (Feb. 21, 2024), 20240221-strategies-for-enhanced-gas-electric-coordination-paper.pdf at 2 ("PJM Strategies".

[10] PJM Strategies at 10.

[11] *Id.* at 10.

the solution, PJM suggests coordination between "RTOs and electric distribution utilities to ensure that there are redundant sources of power available to critical facilities," as well as environmental permitting reforms.[12] However, PJM notes, "permitting reforms for transmission vs. pipelines are being considered in separate silos, which largely ignore the interdependent nature of these two systems. The electric industry and gas pipeline industry should coordinate to better educate policymakers on the interdependencies of these two systems and the need for permitting reform to address these co-dependencies in a comprehensive manner."[13]

The investment requirements for the gas and electric systems today can be forecasted based on well-established demand drivers. Demand for gas and electric services is largely driven by the relative costs for these services, stable consumer preferences, past levels of consumption, and adoption of new technologies, as well as any applicable business development and expansion. Additionally, current forecasting requirements for electric distribution, transmission, and generation capacity in the region implicitly rely on predictable levels of natural gas heating demand and do not anticipate meeting the total heating requirements within the District.

Decarbonization plans that require a significant build-out of the electrical grid will require a parallel investment in resources, spanning many years and facing numerous uncertainties. As such, the Commission must have a planning process that evaluates overall costs, emissions, and reliability of various combinations of required gas and electric capacity, and this process must be able to adjust to accommodate on-going cost

[12] *Id.* at 10, 13.

[13] *Id.* at 13.

and operational information as it becomes available. This type of dynamic planning process would allow the Commission to coordinate gas and electric system planning and evaluate the full range of emissions reduction pathway alternatives, resulting in a least-cost solution for customers.

Buildouts of the electrical system now face a wide range of uncertainties related to costs, feasibility, technology, timing, and siting of generation, transmission, and distribution system components. In certain cases, these uncertainties may eliminate the feasibility of certain pathways and elevate the feasibility of other emissions reduction pathways. For example, necessary system infrastructure such as substations and new transmission lines now face cost overruns and siting challenges that may not have been anticipated at the outset of these projects. Such a situation exists in neighboring Maryland, where a new transmission line designed to provide greater power to serve anticipated new electrical load is facing challenges on the basis of its location and cost.

Similarly, the Commission must evaluate the public impacts of developing an emissions reduction plan that relies solely on electrification, where competitive generation markets are and will likely continue to face significant and unanticipated cost inflation, affordability impacts, and availability of sufficient renewable capacity and energy storage to meet load patterns in a way that reduces emissions. Therefore, these considerations must be included in any energy planning process tied to climate goals.

Furthermore, in order for the Commission to meet its duty to the public to “insure” that Washington Gas continues “to furnish service and facilities reasonably safe and adequate and in all respects just and reasonable,” while also promoting the District’s

climate goals, it must evaluate the entire energy equation.[14] Energy can be delivered to the public in many forms, including electricity, gas, oil, and propane. To honor its duties to the public, the Commission must focus on how both the gas and electric energy systems can play a role in reliably and affordably lowering emissions.

Gas and electricity are building blocks for the provision of energy in the District, and fundamentally altering one of these energy pillars will affect the other, potentially with deleterious results. Can the District's electricity grid handle the increased strain of transitioning from gas to electricity? Are there sources of electricity generation available to meet the increased demand? Will replacing gas with electricity—that may come from high-carbon sources like coal power plants—increase or decrease emissions of greenhouse gasses? The Commission should answer these questions and it can only do that if it undertakes a comprehensive review that includes both of the District's predominant power sources—gas and electricity.

ii. Key Questions for Any Thermal Energy Planning Exercise

Should the Commission desire a proceeding to evaluate the future of energy in the District, it should consider the following questions related to thermal energy planning:

- What is needed to help ensure continued reliability and affordability of energy services within the District and within the interconnected region served by Washington Gas?[15]
- What steps can the Commission take to further drive emissions reductions in the District while ensuring affordable, reliable energy services for District residents and businesses?
- What are the projections for future electric and gas demand in the District and in the region?

[14] D.C. Code § 1-204.93.

[15] To encourage full investment in exploring potential innovations, the Commission should ensure that all costs incurred as a result of an energy planning proceeding are deemed just and reasonable, such that said expenses can lawfully be recovered by the participating utilities. Without such a guarantee, utilities may be hesitant to devote more innovative resources to aid the District in achieving its climate goals.

    - How may the federal government's policy preferences for increased gas expansion impact these projections?
- What is the estimated pace and location(s) for electrification in the District?
- How will the District of Columbia Government ("DCG") address gas utility customers who refuse to electrify?
    - If funding under the Inflation Reduction Act is exhausted or no longer available, how does DCG plan to fund electrification retrofits for non-low-to-moderate-income housing?
    - How does DCG plan to address electrification retrofits for multifamily housing and for small businesses?
- How will electrification be funded, and can such funding be implemented in a geographically thoughtful manner?
- Will electrification result in greenhouse gas emissions reductions when compared to direct gas use based on the PJM generation stack?
    - How may the federal government's policy preferences for increased fossil fuel expansion and restrictions on renewable energy development impact these projections?
- How can electric and gas planning and infrastructure projects be better coordinated?
- How is energy planning in the District unique, compared to other jurisdictions which have instituted a gas planning proceeding?
    - To what extent is full electrification feasible, considering the energy needs of the federal government?
- How should stranded assets be defined?
- How can the risk of stranded assets be addressed?
    - Are other innovative regulatory mechanisms helpful in addressing stranded asset risk (e.g., decoupling, accelerated depreciation, securitization, decommissioning funds)?

In order to comprehensively address the above questions, Washington Gas recommends that the Commission invite representatives from PJM and ReliabilityFirst to participate in any future thermal energy planning efforts. PJM has highly relevant expertise it could contribute regarding the region's projected future generation and transmission outlook, directly impacting reliability and emissions for the District. This proceeding could impact PJM's planning processes as well. ReliabilityFirst is the North American Electric Reliability Corporation regional entity for the Eastern Interconnection, and as such is the entity responsible for preserving and enhancing the reliability and security of the bulk power system. ReliabilityFirst maintains seasonal and long-term

assessments of electric reliability for the region, and would likely have insights that would be valuable in considering the energy future of the District, including the regional outlook and its potential impacts on the District.

B. Natural Gas is now, and in the Future will be, an Integral Part of the District's Energy System.

When determining the scope of any thermal energy planning proceeding, the Commission and other stakeholders should be mindful that both the regulatory compact enshrined in the D.C. Code and Washington Gas's Federal Charter protect the rights of the residents of the District to continue to receive natural gas service.

The Commission is obligated to insure that the utilities it regulates are financially healthy and remain viable. The District Charter, established under the District of Columbia Home Rule Act, confirms the Commission must "insure" that Washington Gas continues "to furnish service and facilities reasonably safe and adequate and in all respects just and reasonable."[16] Likewise, Washington Gas has a duty to provide gas service to District residents who want it, subject to general supervision and regulation by this Commission.[17] Utilities' statutory duty to serve customers creates a reciprocal right of customers to receive gas service.[18] The Commission recognized the bounds of its authority in Order No. 21593, stating, "our enabling statute can be read to require WGL to provide gas

[16] D.C. Code § 1-204.93.

[17] *See* D.C. Code § 34-1101(a) ("Every public utility doing business within the District of Columbia is required to furnish service and facilities reasonably safe and adequate and in all respects just and reasonable. The charge made by any public utility for a facility or service furnished, rendered, or to be furnished or rendered, shall be reasonable, just, and nondiscriminatory."); *see generally* D.C. Code § 34-301 (outlining the Commission's general powers).

[18] *See Of Pub. Util. Comm'rs v. New York Tel. Co.*, 271 U.S. 23, 31 (1926) ("The customers are entitled to demand service and the company must comply."); *Duquesne Light Co. v. Barasch*, 488 U.S. 299, 307 (1989) ("public utilities . . . are under a state statutory duty to serve the public.").

service to its customers at a reasonable rate rather than as authority to ban their service altogether."[19]

Further, Washington Gas has the right to sell gas in the District pursuant to its Federal Charter. The Commission has recognized in this proceeding that it "lack[s] statutory authority to interfere with a Congressional Charter . . . ."[20] Indeed, "[t]he Commission's powers as an administrative body are strictly limited to those powers expressly granted by its enabling statutes,"[21] and "[t]he [Federal] Charter can be amended only by an act of Congress or an act passed by the D.C. Council that is then ratified by a majority of District voters in a referendum, prior to undergoing the Congressional review process unique to all District laws."[22]

Considering the enumerated and well-established authorities prescribing the outer bounds of the Commission's authority, any thermal planning proceeding must not focus on ending natural gas service in the District. Instead, the Commission could focus a thermal energy planning proceeding on utilizing gas and electricity efficiently to support the District's climate goals in a cost-effective manner.

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[19] *In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals*, Formal Case No. 1167, Order 21593 at 3 (Apr. 6, 2023).

[20] *Id.*

[21] *In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals*, Formal Case No. 1167, Brief of Washington Gas Light Company in Response to the July 12, 2022, Request For Briefs 1, 5 (Sept. 27, 2022) (citing *Wash. Gas Light Co. v. Pub. Serv. Comm'n of D.C.*, 982 A.2d 691, 718 (D.C. 2009)) (limiting the Commission's powers to those set forth in statute and implicitly needed to implement those powers).

[22] *Id.* at 3-4.

CONCLUSION

Washington Gas appreciates the Commission's consideration of these comments and looks forward to continuing to engage with the Commission and stakeholders on how to best meet the District's energy needs while working to reduce emissions.

Respectfully submitted,

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April 28, 2025

CERTIFICATE OF SERVICE

I, the undersigned counsel, hereby certify that on this 28th day of April 2025, I caused copies of the foregoing document to be hand-delivered, mailed, postage-prepaid, or electronically delivered to the following:

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