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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, NW, Suite 800
Washington, DC 20005

Re: **Formal Case No. 1167*, In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals***

Dear Brinda Westbrook-Sedgwick:

Attached for filing please find *Comments on a Thermal Planning Proceeding in DC* filed on behalf of the Sierra Club, Chesapeake Climate Action Network, GRID 2.0 and DC Climate Action. Thank you for your attention to this matter.

Should you have any questions, please contact me.

Sincerely,

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BEFORE THE PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

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

COMMENTS ON A THERMAL PLANNING PROCEEDING IN DC

Pursuant to Order No. 22339,[1] Order No. 22363, and Order No. 22663 of the Public Service Commission for the District of Columbia ("Commission"), Sierra Club, Chesapeake Climate Action Network, GRID 2.0 & DC Climate Action ("NPOs") submit the following comments regarding the feasibility and contours of a thermal planning proceeding before the Commission.

I. INTRODUCTION

To ensure DC is capable of complying with its binding environmental laws and to avoid imposing unreasonable and unwieldy costs on ratepayers, a thermal planning docket is not only feasible, but necessary.

Now is the time for this Commission to set forth concrete regulatory mechanisms, decisional parameters, and ratepayer safeguards to ensure utility compliance with the District's emission reduction targets and preferred policy approaches. Currently, cross-cutting regulatory issues pertaining to thermal planning are sprawled across various Commission dockets, which has led to inconsistent results and immense administrative burdens—for the Commission, intervenors, and stakeholders. Now is the time to designate a streamlined proceeding focused on thermal planning, and launch a concerted investigation into the aspects of gas utility regulation that necessitate reform in light of the District's climate laws and policies. Absent Commission action, utilities and stakeholders will be left with mixed messages and unclear requirements that

[1] *Formal Case No. 1167, In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals* ("*Formal Case No. 1167*"), Order No. 22339 at ¶ 26, rel. Dec. 10, 2024.

provide little certainty as to how WGL must mold its operations to comply with District climate law and safeguard the public interest.

Moreover, fulfilling its obligation to set just and reasonable rates requires the Commission to align thermal planning and infrastructure investments with the District's climate laws. Recognizing this mandate to ensure the reasonableness and prudence of gas utility spending going forward, utility regulators across the country have initiated similar gas planning dockets. As discussed below, other states' gas planning dockets will provide helpful roadmaps for this Commission as it embarks upon the essential process of thermal planning. In addition, as set forth below, NPOs offer recommendations for the structure of this proceeding to help avoid pitfalls that have arisen in similar dockets underway in other states.

In DC's thermal planning docket, in addition to ensuring the long-term alignment of gas infrastructure spending with the District's climate laws, the Commission should take immediate action on key climate-supportive priority areas, such as those identified by District of Columbia Government ("DCG") in its filings. Any further delay could jeopardize meeting the District's requirement to reduce its greenhouse gas emissions by 60% by 2030 relative to 2006 levels and reach carbon neutrality by 2045. The Commission should address the following non-exclusive issues in its thermal planning docket:

- Develop comprehensive non-pipeline alternative ("NPA") screening frameworks.
- Examine and implement appropriate asset lives and depreciation schedules for ratemaking purposes.
- Disallow accelerated recovery for spending on new gas infrastructure, such as gas distribution pipeline replacements, and develop rigorous requirements for replacing gas infrastructure, such as meeting urgent safety needs, rather than undertaking large-scale pipeline replacements.
- Update gas load forecasting practices and require WGL to engage in forward planning. Align procurement of gas with emissions reductions requirements.
- Quantitatively account for risk due to declining gas volumes and decarbonization.

- Identify and obligate WGL to take specific efforts to meet the District's phased emissions reduction targets, and the District's stated preference for electrification.

- Instate a requirement for reducing lost and unaccounted for gas year by year with penalties for non-compliance.

- Weigh the merits of creating an electrification fund, which would be funded by customers of both gas and electric utilities and focused on assisting gas customers transition off gas.

- Investigate WGL's lobbying, advertising, and community outreach activities to ensure that WGL is not working to undermine the District's climate laws and policies—and ensure WGL is not using ratepayer funds to do so.

- Prohibit WGL from offering direct gas appliance incentives, as it has proposed in Formal Case No. 1160.

- Examine and eliminate current WGL or ratepayer-funded subsidies for new customers.

- Oversee and facilitate the creation and execution of a gas transition plan, taking into account the realities of declining gas use and WGL customer base over the coming decades and requiring WGL to develop a realistic plan for reducing its infrastructure investments in line with declining sales and aligning of gas procurement accordingly.

- Determine and enforce operational practices to meet current customer needs and maintain safe and reliable service while minimizing infrastructure investments.

- Develop alternative models for the gas utility's long-term role, business model, ownership structure, and regulatory compact, as part of a managed transition.

As such, the NPOs respectfully request that the Commission initiate a thermal planning proceeding, and that the Commission consider the following comments and further stakeholder input to guide the structure and content of the proceedings.

II. COMMENTS

A. DC's Wide Range of Climate Laws Must Be Reconciled with Washington Gas's Future Activities—and Expenditure of Ratepayer Funds—in the District.

Now is the time for the Commission to take action on thermal planning, as time is running out for the District to meet its legal emissions reduction requirements. The District is statutorily required to reduce its greenhouse gas emissions by 60% by 2030 relative to 2006

levels,[2] and District law and policy makes clear that reaching this target requires DC to reduce its reliance on fossil fuels across various end uses. The Commission has acknowledged these relevant goals and commitments of the District to include:

- Mayor Muriel Bowser's December 2017 announcement of the commitment to achieve carbon neutrality by 2050 and honor the 1.5-degree objective of the Paris Climate Accord.[3]

- The Department of Energy and Environment ("DOEE")'s Clean Energy DC Plan, which outlines strategies for the energy sector to attain the District's decarbonization targets. The Clean Energy DC Plan seeks to make the "energy system more sustainable, resilient, and equitable."[4] The Commission acknowledged that "the Clean Energy DC Plan is the District Government's roadmap for achieving the District's climate goals."[5]

- The DOEE Sustainable DC 2.0 Plan, encompassing a discussion of the environmental, social, and economic needs of the District of Columbia.[6]

- The 2018 CleanEnergy DC Act, which, *inter alia*, increased the renewable energy portfolio standard to 100% by 2032 and initiated the Building Energy Performance Standards in DC.[7]

- The Climate Commitment Amendment Act of 2022, which requires DC to reduce greenhouse gas emissions by no less than 60% relative to 2006 levels by 2030 and to reach carbon neutrality by 2045, requires the District government to reach carbon neutrality for emissions associated with government operations by 2040, prohibits the District government from installing fossil fuel-burning space- or water-heating appliances beginning in 2025, and requires the District government to purchase or lease only zero-emissions vehicles beginning in 2026.[8]

- The Clean Energy DC Building Code Amendment Act of 2022, which requires the Mayor to adopt a building code for new constructions and substantial renovations that prohibits on-site fuel combustion by December 31, 2026.[9]

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[2] Climate Commitment Amendment Act of 2022, DC Law 24-176.
[3] Executive Office of the Mayor, *Mayor Bowser Commits to Make Washington DC Carbon-Neutral and Climate Resilient by 2050* (Dec. 4, 2017), https://mayor.dc.gov/release/mayor-bowser-commits-make-washington-dc-carbon-neutral-and-climate-resilient-2050.
[4] DOEE, *Clean Energy DC: The District of Columbia Climate and Energy Action Plan*, at xvi (Aug. 2018), https://doee.dc.gov/sites/default/files/dc/sites/ddoe/page_content/attachments/Clean%20Energy%20DC%20-%20Full%20Report_0.pdf.
[5] *Formal Case No. 1167*, Order No. 20754 ¶ 44, rel. June 4, 2021.
[6] DOEE, *Sustainable DC 2.0 Plan*, https://doee.dc.gov/sites/default/files/dc/sites/ddoe/service_content/attachments/sdc%202.0%20Edits%20V2.4.pdf (last visited June 16, 2022).
[7] CleanEnergy DC Omnibus Amendment Act of 2018, DC Law 22-0257.
[8] Climate Commitment Amendment Act of 2022, DC Law 24-176.
[9] Clean Energy DC Building Code Amendement Act of 2021, DC Law 24-0177.

The Council has made clear that it anticipates reaching the emissions reduction and energy goals outlined above through electrifying the District's buildings, which will obviate the need for supplying gas to them. In the DC Council's June 13, 2022 Committee Report[10] to the Climate Commitment Act of 2022, the Council stated its intent that compliance would be achieved by widespread electrification:

> [T]ransitioning our space and water heating away from natural gas-burning systems is essential to reducing greenhouse gas emissions," and "the technology necessary to make this shift is already widely available. Electric heat pumps provide both heating and cooling in a single system, and they are significantly more efficient than gas boilers and furnaces.[11]

The Council's Committee Report for the Clean Energy DC Building Code Amendment Act of 2022 is equally clear regarding the need to scale back fossil fuel usage and promote electrification to meet the District's commitments and promote public health and safety, stating:

- "[B]ecause energy production for buildings is by far the largest source of greenhouse gas emissions in the District, reducing buildings' energy burden and reliance on fossil fuels for energy is critical to our emissions reduction goals."[12]

- "[E]liminating the need to burn natural gas on site for heating and cooking, these buildings will help occupants—in particular, children— avoid exposure to the harmful pollutants that natural gas combustion releases into the air."[13]

- "[T]his legislation would provide . . . more opportunities to live in housing with clean air untainted by the dangerous gas and particulate matter associated with gas cooking appliances. Gas stoves produce carbon monoxide, formaldehyde, and nitrogen dioxide, all of which are harmful to human health; nitrogen

[10] Bill 24-0267, Committee on Transportation and the Environment, Committee Report (June 13, 2022), *available at* https://lims.dccouncil.us/downloads/LIMS/47264/Committee_Report/B24-0267-Committee_Report1.pdf
[11] *Id.* at 5.
[12] B24-0420, Clean Energy DC Building Code Amendment Act of 2022, Climate Commitment Act of 2021, Committee on Transportation and the Environment, Committee Report at 5 (June 13, 2022), *available at* https://lims.dccouncil.gov/downloads/LIMS/47959/Committee_Report/B24-0420-Committee_Report1.pdf
[13] *Id*. at 6.

dioxide, in particular, has been found to cause higher rates of asthma."[14]

- "[T]he Committee emphasizes the appropriateness of—and in fact the need for— legislative action here . . . we must take decisive action to reduce our energy use and reliance on fossil fuels now."[15]

Despite these realities, Washington Gas continues to seek approval of capital spending and programs that fail to account for the requirements of DC law and the stated policy intentions of the District. Immediate intervention by the Commission is needed to align near-term gas utility operations with the climate mandates of the District, and a proceeding to oversee medium- to long-term planning is imperative to meet the District's goal of achieving carbon neutrality by 2045.

B. The Commission Should Begin its Thermal Planning Proceeding by Reviewing Current and Near-Term Utility Planning and Investment Proposals to Ensure Those Proposals are Consistent with District Law and Public Policy and the Urgent Need to Address the Climate Crisis.

District law and policy is unequivocal that greenhouse gas emissions must be reduced at a significant pace in order to stave off the worst effects of climate change on DC residents. It is also clear that to achieve those reductions, the District must make an economy-wide transition away from fossil fuels. As an outsized supplier of fossil fuels for use in the District, Washington Gas must be obligated to effectuate District law and policy and must be prohibited from further delaying the achievement of the District's emission reduction requirements. For too long, Washington Gas has refused to make any changes to its business-as-usual approach to delivering gas, hiding behind its obligation to serve and failing to make any reasonable effort to reduce emissions in the District. To the contrary, Washington Gas has gone on the offensive, filing several federal lawsuits in DC and Maryland to strike down valid uses of municipal authority to reduce emissions from buildings. As the sole regulator of Washington Gas' activities and

[14] *Id*. at 7.
[15] *Id.* at 11.

provision of service in the District, the Commission has authority[16] to ensure that Washington Gas is complying with District law and policy. The Commission has said as much in several orders. In order to accomplish this charge, the Commission should institute a streamlined thermal planning proceeding that tackles the numerous aspects of gas utility operations, focusing first on altering current and near-term practices regarding gas supply in the District.

The District's existing legal and policy framework regarding emissions reduction and decarbonization requires immediate changes to Washington Gas' operations and capital spending. However, at present the Commission lacks a structured framework for reviewing and evaluating whether utility planning and investment proposals are consistent with the District's climate mandates. If the Commission does not establish a framework in the short term through which to assess gas planning and investment proposals in light of the District's climate laws, Washington Gas will continue to (1) operate in a "business as usual" manner and lock in gas pipeline assets with useful lives beyond the District's climate mandates; and (2) seek approval for self-serving "energy efficiency" programs that do not meaningfully reduce carbon emissions from their product's outsized contributions to climate change. Indeed, the Maryland Public Service Commission is currently proceeding with a gas planning docket—and it will very likely set requirements that are binding on Washington Gas and limit its operations. As such, immediate action is necessary to align existing gas programs and pending proposals that are being submitted by Washington Gas in multiple DC dockets with (1) the District's legal requirements for mitigating climate change and (2) the regulatory landscape in neighboring states that have similar climate mandates to those in DC.

[16] *Formal Case No. 1167*, Order No. 21593 at ¶ 9, rel. April 6, 2023.

i. Utilities are seeking the Commission's approval for capital spending that is inconsistent with large projected reductions in gas consumption and puts customers at risk of massive rate increases.

Currently, utility capital spending is completely out of sync with the District's climate laws. For example, WGL's accelerated pipeline replacement program ("APRP") has a current end date beyond 2045—the year when DC must achieve net-zero greenhouse gas emissions District-wide pursuant to the Climate Commitment Act of 2022. In contravention of binding DC law, WGL continues to rely on the historic test year, casting any attempt to plan around the District's mandates as "future energy planning based on assumed, and wholly unsubstantiated, operating conditions that may exist decades into the future simply have no relevance."[17] In Maryland, at the hearing on WGL's most recent STRIDE 3 program, when asked whether the company has taken any action to reconcile the STRIDE 3 programs' end date of 2043 with Maryland's mandate to achieve net-zero greenhouse gas emissions statewide by 2045, Company Witness Lawson (also a routine witness in DC) simply replied, "I am aware of those statements" and, "I can't accurately predict where we're going to be in 2045."[18] Moreover, WGL Witness Jacas testified that a new pipe's lifespan is "over 100 years."[19] WGL's APRP proposals in Formal Case No. 1179 here in the District reflect a similar willful blindness to the regulatory landscape in which WGL is operating. WGL refuses to acknowledge that the future, throughout its service territory, will necessarily involve ratepayers using less gas. In the absence of a thermal planning docket—the best vehicle for reconciling WGL's future spending with binding climate laws—WGL is incentivized to lock in new century-long investments in gas pipes right up until the deadline for reaching net-zero greenhouse gas emissions, at which point most, if not all, of

[17] Formal Case No. 1180, Application , WG(3A) Steffes Rebuttal Testimony at 7:17-19.
[18] Maryland Pub. Serv. Comm'n Case No. 9708, *In the Matter of Washington Gas Light Company's Application for Approval of a New Gas System Strategic Infrastructure Development and Enhancement Plan and Accompanying Cost Recovery Mechanism*, Hearing Video at 2:11:01 to 2:11:33, available at https://www.youtube.com/watch?v=iXqtUeyALAc
[19] *Id.* at 54:59 to 55:06.

the pipes should immediately cease being used. It is the NPOs' position that the Commission should reject WGL's attempts to lock in this infrastructure in Formal Case No. 1179. However, there is also an immediate need to comprehensively assess the validity of various aspects of WGL's gas capital spending before WGL's business-as-usual approach imperils ratepayers' pocketbooks and derails DC's building momentum to fight the climate crisis.

Core to examining WGL's operational future is the need for the thermal planning proceeding to begin with the premise that gas sales will decline between now and 2045, which will result in stranded assets on WGL's system. In Maryland, a study performed by Energy and Environmental Economics ("E3") for Baltimore Gas & Electric ("BGE") recognizes that "[a]ll the decarbonization scenarios evaluated by E3 in this study envision a transformation in the way buildings are heated," which includes "an emphasis on electrification as the core engine of building heating decarbonization."[20] In line with those trends, E3 paints a conservative picture of declining gas sales, with sales "reductions ranging between 54% and 70% in 2045 relative to 2020," and projects, "[f]ocusing just on all gas delivered via BGE's pipeline, gas throughput declines [of] 60% -78% in 2045 relative to today."[21] A thermal planning proceeding needs to take into account these realities, and the Commission can examine all the ramifications of gas expenditures in a centralized proceeding and avoid creating stranded assets that increase rates for those gas customers that remain on WGL's system.

[20] Maryland Pub. Serv. Comm'n Case No. 9692, *In the Matter of Baltimore Gas and Electric Company's Application for an Electric and Gas Multi-Year Plan* , BGE Integrated Decarbonization Strategy Report at 25 (October 2022) ("E3 Study"), available at https://www.ethree.com/wp-content/uploads/2022/10/BGE-Integrated-Decarbonization-White-Paper_2022-11-04.pdf

[21] *Id.*

ii. A host of existing WGL practices must be examined immediately, before they lock in gas programs that are incompatible with DC's decarbonized future.

The Commission should take immediate action on Washington Gas' practices and programs that are clearly inconsistent with DC's climate laws and market trends toward electrification. The NPOs believe that a thermal planning proceeding should incorporate additional stakeholder input regarding priority areas, and a general process that is "robust, transparent, and inclusive of all stakeholders,"[22] as is being contemplated in Maryland.

iii. A thermal planning proceeding will ensure the alignment of WGL's procurement practices with the District's climate laws and policies.

The NPOs contend that Washington Gas' current gas procurement process (1) fails to account for the inevitable decrease in gas demand, (2) lacks the relevant time horizon to incentivize WGL to plan for emissions reduction requirements under DC law, and (3) has improperly allowed WGL to procure or pursue gas alternatives, which are actually false "solutions," such as so-called "renewable natural gas" ("RNG"), "certified natural gas" ("CNG" or "certified gas"), and hydrogen. To date, WGL's procurement practices have only been monitored in Formal Case No. 874, and the Commission has already allowed WGL to begin procuring CNG.[23] The Commission recently moved its consideration of WGL's scope 3 emissions from that docket to Formal Case No. 1167, but there is no docket where the Commission can holistically determine how WGL's procurement processes are incorporated into its larger-scale planning process, and how to harmonize WGL's longer-term procurement processes with decreasing gas demand and the requirements of DC law and policy. As such, in

[22] Maryland Pub. Serv. Comm'n Case No. 9707, Maryland Office of People's Counsel's Petition at 4 and 37.

[23] *Formal Case No. 874*, *In the Matter of the Gas Acquisition Strategies of the District of Columbia Natural Gas, a Division of the Washington Gas Light Company*, Washington Gas 2022 Gas Procurement Report (Public), Section V, Schedule J (filed December 2, 2024, *available at* https://edocket.dcpsc.org/apis/api/Filing/download?attachId=215023&guidFileName=eeab16fd-04e8-4011-bb9b-e04028c8e186.pdf

the thermal planning docket, the Commission should immediately require WGL to align its procurement strategies with DC climate law and the reality that gas sales will dramatically drop over time.

Further, WGL's procurement practices must also be free of the false "solutions" being proffered by the gas industry as alleged "climate-friendly" gas-based alternatives to electrification, including RNG, CNG, and "clean" hydrogen. Washington Gas presented these options in its earlier filings in this docket, but intervenors have shown over and over that these types of fuels do not meaningfully reduce emissions. Indeed, the Commission rejected WGL's requests for preliminary funding for these measures in Formal Case No. 1169.

First, RNG fails as a climate solution because it has wildly variable emissions that are sometimes higher than those of fossil gas, is in extremely limited supply and thus very expensive compared to electrification, and still results in greenhouse gas emissions when combusted. RNG is a term used by the gas industry to describe biogas, which refers to methane derived from biogenic (organic) sources such as landfills, sewage treatment facilities, forests, livestock operations, and farms. Biogas is produced through either anaerobic digestion or thermal gasification.[24] Each of these different sources of RNG comes with varying emissions profiles, but regardless of its source, there are dire emissions risks associated with leaks of this substance in the distribution system, since methane has a 20-year global warming potential that is 82.5 times that of carbon dioxide.[25] Further, RNG supplies are currently very limited and unlikely to grow substantially in the future[26]—a concern that has been acknowledged by the American Gas

[24] Natural Resources Defense Council, *A Pipe Dream of Climate Solution? The Opportunities and Limits of Biogas and Synthetic Gas to Replace Fossil Gas*, at 2 (June, 2020), https://www.nrdc.org/sites/default/files/pipe-dream-climate-solution-bio-synthetic-gas-ib.pdf

[25] IPCC WGI, *Climate Change 2021: The Physical Science Basis*, at 7-125, IPCC AR6 WGI (2021), https://www.ipcc.ch/report/ar6/wg1/downloads/report/IPCC_AR6_WGI_Full_Report.pdf.

[26] *Earthjustice & Sierra Club, Rhetoric v. Reality: The Myth of "Renewable Natural Gas" for Building Decarbonization* (July 2020), *available at* https://earthjustice.org/wp-content/uploads/report_building-decarbonization-2020.pdf

Association ("AGA").[27] Despite these realities, an internal set of AGA meeting notes from March 2018 shows the industry determined that RNG can be used to "mitigate the opposition's fervor" to phase out the burning of gas due to climate concerns, highlighting that utilities' plans to ostensibly utilize RNG are simply disingenuous greenwashing.

Industry attempts to utilize "certified gas" in procurement should also be curtailed because this is another false climate solution. Certified gas purports to have emission-reducing potential because it adheres to so-called "best practices"—but these practices are still connected with the environmentally disastrous practice of extracting fracked methane gas at the gas well. There are no established standards for this certification process, and indeed in July of 2023, the federal Department of Energy announced plans to halt endorsement of standards regarding certified gas.[28] Overall lifecycle emissions of different types of certified gas vary substantially and certified gas is still methane gas, possessing all the same emissions associated with leaks in transport and distribution as other fracked gas, as well as the same greenhouse gas emissions when it is combusted.

Washington Gas' overtures on utilizing hydrogen for blending with distribution-grade methane in its distribution system should also be dismissed. While there are various ways to produce hydrogen,[29] each with vastly different emissions profiles, "green hydrogen" that is produced by electrolysis (i.e. splitting hydrogen from water molecules) and is powered by only

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[27] American Gas Association, *APGA Basecamp 2018*, at 615 (2018), https://www.documentcloud.org/documents/6768592-APGABasecamp-2018.html#document/p615/a549439; *see also* Susie Cagle, *US gas utility funds 'front' consumer group to fight natural gas bans*, The Guardian (July 26, 2019), https://www.theguardian.com/us-news/2019/jul/26/us-natural-gas-ban-socalgas-berkeley.

[28] Corey Paul & Maya Weber, *US DOE will not develop certified natural gas standard amid focus on international emissions framework*, S&P Global (July 21, 2023), https://www.spglobal.com/commodityinsights/en/market-insights/latest-news/natural-gas/072123-us-doe-will-not-develop-certified-natural-gas-standard-amid-focus-on-international-emissions-framework

[29] RMI, *Clean Energy 101: The Colors of Hydrogen*, (April 13, 2022), *available at* https://rmi.org/clean-energy-101-hydrogen/

100% renewables[30] is the only type of hydrogen with no direct carbon emissions. However, producing even this type of hydrogen is inefficient; using renewable electricity to power electrolysis results in substantial energy losses—anywhere between 20% and 40% of the energy is lost.[31] Due to this inefficiency, analysis has shown that "green hydrogen will always be a considerably more expensive fuel than renewable electricity,"[32] calling into question its cost-effectiveness compared to the direct electrification of traditionally gas-fueled end uses. For end use in buildings, gas utilities have been toying with the notion of blending certain levels of hydrogen (without even committing to use "green hydrogen") with their existing distribution-grade methane as a means of justifying continued maintenance and investment in their aged, leaking gas distribution systems.[33] Recent studies have estimated that acceptable levels of blending fall within 5%–20% hydrogen by volume,[34] but this means that the blend could retain as much as 95% gas, which would maintain the heavy emissions impact of that distribution-grade methane's combustion. Significantly, hydrogen has a far lower energy density than methane, so a 5% blend of hydrogen by volume corresponds to a blend of less than 2% hydrogen by energy. Even at those blend levels, hydrogen blending presents a host of operational safety issues,[35] as well as potentially exacerbating health harms due to "higher NOx emissions than

[30] RMI, *Hydrogen Reality Check: all "Clean Hydrogen" is Not Equally Clean* (October 4, 2022), available at https://rmi.org/all-clean-hydrogen-is-not-equally-clean/.

[31] Earthjustice, *Reclaiming Hydrogen for a Renewable Future*, at 16 (citing Energy Transitions Commission, *Making the Hydrogen Economy Possible: Accelerating Clean Hydrogen in an Electrified Economy*, at 22 (Apr. 2021), available at https://energy-transitions.org/wpcontent/uploads/2021/04/ETC-Global-Hydrogen-Report.pdf)

[32] *Id.* (citing Jens Perner et al., *The Future Cost of Electricity-Based Synthetic Fuels*, Frontier Economics Ltd., at 11 (Sept. 19, 2018), available at https://www.agora-energiewende.de/fileadmin2/Projekte/2017/SynKost_2050/Agora_SynKost_Study_EN_WEB.pdf).

[33] AGA, Hydrogen One-Pager (March 2022), *available at* https://www.aga.org/wp-content/uploads/2022/12/aga_hydrogen_onepager_march2022-1.pdf

[34] M. W. Melaina, O. Antonia, and M. Penev, *Blending Hydrogen into Natural Gas Pipeline Networks: A Review of Key Issues*, The National Renewable Energy Laboratory ("NREL") (Mar. 2013) ("NREL Report"), *available at* https://www.nrel.gov/docs/fy13osti/51995.pdf.

[35] Maryland Pub. Serv. Comm'n Case No. 9692, *Initial Brief of the Sierra Club* at 12-13 (filed October 10, 2023)

natural gas because hydrogen burns faster than natural gas,"[36] when using blends in household appliances.

iv. WGL should cease offering incentives for new customers.

There is a fundamental tension between the requirements of District law and policy for decreased gas consumption, and Washington Gas' policies that promote fossil gas system expansion through a right to gas service and associated subsidies for the extension of the gas system to new customers. To meet the emissions reduction goals of the Climate Commitment Act and other DC climate laws, DC will need to drastically reduce its gas consumption, which in turn will increasingly turn gas utility infrastructure into stranded assets whose costs will be spread among a shrinking group of ratepayers. This will leave lower-income gas customers who are least able to afford the up-front costs of electrifying stuck with higher and higher gas bills. In order to limit that risk, and avoid intensifying the equity and affordability implications of the energy transition, the Commission should take immediate action to limit gas line extensions. Accordingly, the Commission should take an immediate look at WGL's new customer incentive structures, and ratepayer funding of those costs, in a thermal planning proceeding.

v. WGL's marketing practices are wholly contrary to DC's trajectory and should be immediately examined and adjusted.

WGL continues to greenwash the nature of its high greenhouse gas-emitting product while promoting false narratives regarding fossil gas alternatives, such as RNG, CNG, and "clean" hydrogen, as discussed above. Notably, On March 20, 2025, the Maryland Public Service Commission found that Washington Gas had made false statements to customers that inaccurately portrayed gas usage in homes as a climate-friendly action—and that Commission is

[36] California Pub. Serv. Comm'n Docket No. A.20-11-004, Prepared Direct Test. of Kevin Woo et al. on Behalf of Southern Cal. Gas Co. et al., at 17 (Nov. 2020), https://www.socalgas.com/sites/default/files/2020-11/H2_Application-Chapter_4-Technical.pdf

now considering whether to impose civil penalties on WGL as a sanction.[37] Those same bill inserts were distributed to ratepayers in DC, and are the subject of a lawsuit that is currently being determined by the DC Court of Appeals.[38] In the thermal planning proceeding, the NPOs respectfully submit that the Commission prioritize addressing the matter of WGL's false and misleading advertisements and mailers that inaccurately promote gas as a climate measure, in contravention of DC's climate laws.

vi. WGL is misusing the DC Omnibus Act 2018 Energy Efficiency provisions to lock in gas end uses that only serve the utilities and their shareholders, and impose higher costs on ratepayers.

In its thermal planning docket, the Commission should take immediate action to prohibit WGL from offering gas appliance incentives. WGL has sought to offer numerous direct incentives to builders, developers, and ratepayers in stark contrast to the requirements of the Clean Energy DC Building Code Amendment Act's requirement to cease onsite gas combustion in major renovations and new buildings starting on December 31, 2026. If the Commission approves incentives for gas-powered appliances, this would tether consumers to the gas system for 12 to 15 years, which is rapidly approaching the 2045 target for reaching net-zero emissions in the District. As Sierra Club explained extensively in its testimony in Case No. 1160, installing new gas appliances is contrary to not only DC climate law, but also the DC Sustainable Energy Utilities' decision to end incentives for gas appliances. The continued installation of gas appliances also perpetuates users' exposure to the well-documented public health harms associated with gas appliances due to (1) methane leaks (which occur even when these

[37] Maryland Pub. Serv. Comm'n Case No. 9673, *Complaint of the Office of People's Counsel Against Washington Gas Light Company and WGL Energy Services, Inc.*, PULJ Ruling on Washington Gas Light Company's Request for Dismissal and the Maryland Office of People's Counsel's Motion for Summary Judgment, rel. March 20, 2025.
[38] *ClientEarth & U.S. PIRG v. WGL*, Superior Court of the District of Columbia Civil Division, Case No. 2022 CA 003323 B.

appliances are turned off)[39] and (2) harmful emissions directly related to the combustion of methane gas through their regular use.[40]

C. The Commission Should Initiate A Medium- To Long-Term Gas Planning Proceeding To Ensure An Equitable Phasedown Of The Gas Distribution System In The District

The NPOs urge the Commission to engage in medium- to long-term planning and oversight to harmonize WGL's operations with DC's climate laws and the public interest while maintaining safe and reliable service. The Commission should begin with the premise that gas utility operations must adapt to meet the goals of DC climate law and the policy objectives for implementation, as set forth by the DOEE. To meet those goals, the Commission should require the adoption of the lowest-cost path for decarbonizing the District's gas distribution system as a whole. Central to this concept should be a commitment to protecting District residents' access to energy and ensuring reasonable rates and bills, customer equity, and energy justice.[41]

It is imperative that the Commission institute a long-term planning proceeding that harmonizes utility regulation with the mandates of District law and the policies of the District government. The Climate Commitment Act of 2022 set ambitious, economy-wide emission

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[39] Eric D. Lebel *et al.*, *Methane and NO Emissions from Natural Gas Stoves, Cooktops, and Ovens in Residential Homes*, 56 ENV'T SCI. & TECH. 2529 (2022).

[40] *See* Drew R. Michanowicz *et al.*, *Home is Where the Pipeline Ends: Characterization of Volatile Organic Compounds Present in Natural Gas at the Point of the Residential End User*, 56 ENV'T SCI. & TECH. 10258 (2023), https://pubs.acs.org/doi/epdf/10.1021/acs.est.1c08298; Weiwei Lin *et al.*, *Meta-Analysis of the Effects of Indoor Nitrogen Dioxide and Gas Cooking on Asthma and Wheeze in Children*, 42 INT'L J. EPIDEMIOLOGY 1724 (2013); Am. Cancer Soc'y, *Benzene and Cancer Risk*, https://www.cancer.org/cancer/risk-prevention/chemicals/benzene.html (last visited June 9, 2023).

[41] "Energy justice" refers to a concept like environmental justice but pertains specifically to energy-related benefits and burdens. It refers to the goal of achieving equity in both the social and economic participation in the energy system, while also remediating social, economic, and health burdens on those disproportionately harmed by the energy system, and further aims to make energy accessible, affordable, clean, and democratically managed for all communities. *See* Tim Woolf, Alice Napoleon, Asa Hopkins, PhD, and Kenji Takahashi, *Long-Term Planning to Support the Transition of New York's Gas Utility Industry*, Synapse Energy Economics, Inc. Prepared for Natural Resources Defense Council, at 5 fn. 3 (April 30, 2021) (hereinafter "Synapse Long-Term Planning Whitepaper" and filed with these Comments in this docket) (*Citing* The Initiative for Energy Justice, available at https://iejusa.org).

reduction mandates, but did not directly set interim emission reduction targets for specific utility operations. As such, there are no medium- and long-term emission reduction targets for the gas system, let alone specific targets for Washington Gas. The Commission has already held that it has authority to limit WGL's greenhouse gas emissions.[42] The Commission's thermal planning proceeding should impose clear obligations directly on Washington Gas, require WGL to take tangible actions to meet the District's phased greenhouse gas reduction targets, and require WGL to alter its planning process to reflect District laws' requirements and the reality of drastic projected decreases in gas demand.

The medium- to long-term aspect of the thermal planning proceeding should begin with a premise that dismisses the gas utilities' narrative that purported low- or zero-carbon fuels are consistent with DC's decarbonization future. As stated above, the usual suspects of proposed "low" or "zero" carbon alternative combustion fuels, such as RNG, CNG, and hydrogen, have inherent and insurmountable efficiency, emissions, and cost issues compared to electrification. In its "Climate Business Plan" (Orwellianly titled "Natural Gas and its Contribution to a Low Carbon Future"), WGL adopted the same flawed approach.[43] The NPOs contend that this narrative is little more than a justification of a business-as-usual practice of heavy spending on gas infrastructure that is calculated to enrich shareholders at the expense of ratepayers' safety, economic well-being, and health. Any long-term proceeding should abide by the recommendations of the intervenors in maintaining a planning path predicated on a phasing out of gas infrastructure in favor of electrification and/or thermal energy networks.

Relatedly, the Commission should consider requiring WGL to develop plans for electrification and other non-pipeline alternatives—including geothermal systems, energy

[42] *Formal Case No. 1167*, Order No. 21593, ¶ 9, rel. April 6, 2023.
[43] *Formal Case No. 1142,* Washington Gas & AltaGas, Natural Gas and its Contribution to a Low Carbon Future: Climate Business Plan for Washington, D.C. (filed Mar. 16, 2020).

efficiency measures, and demand response programs—to accompany and facilitate an intentional and cost-effective reduction in the size of the gas distribution system. The Commission should also require WGL to coordinate its planning processes with the Potomac Electric Power Company ("Pepco")'s process for electric distribution system planning in Formal Case No. 1182, and to explore alternatives to any current straight-line depreciation curves, which can extend over 6-10 decades. WGL should also be required to consider potential processes and timelines for decommissioning the gas system, including by determining which neighborhoods should be removed from the gas system first and developing a timeline for doing so. Utility decommissioning plans must be closely scrutinized and accountability measures should be implemented, given the conflicts of interest involved in the utility planning process (which arise when a gas company is able to increase its recovery by developing plans to sink more ratepayer dollars into maintaining or expanding the gas system).

D. The Commission Should Look to Other States' Gas Planning Dockets for Practices to Emulate and Pitfalls to Avoid.

A number of other states have already developed gas planning proceedings, highlighting the urgent nature of such planning for reconciling gas companies' actions with state climate laws. These states include Massachusetts, New York, New Jersey, Illinois, Colorado, California and more recently, the neighboring state of Maryland.[44] As the Commission follows these states' lead in conducting essential thermal planning, it can and should benefit from lessons learned in these other states' proceedings.

i. Successful practices to adopt from other jurisdictions

Other jurisdictions that have begun investigating the critical issues related to thermal planning offer useful lessons on how to approach gas utility regulation in light of state climate

[44] Natural Resource Defense Council, *Progress Report: How States are Kicking Gas*, December 12, 2023, *available at* https://www.nrdc.org/bio/kiki-velez/state-progress-report-kicking-gas

mandates. The NPOs specifically point the Commission to the Massachusetts Department of Public Utilities ("MA DPU") and its ongoing efforts in Docket 20-80-B. By way of background, the MA DPU issued an order on December 6, 2023 that grapples with many of issues associated with aligning gas utility operation with state climate mandates, which are also relevant to DC.[45] That Order was issued following a two-year process facilitated by independent consultants, during which the state's gas utilities developed individual "net zero enablement plans" and technical analyses of a range of decarbonization pathways, with input from stakeholders.[46] The MA DPU reviewed those filings and, in its Order, articulated regulatory principles to guide future decision-making and made findings regarding a number of the gas utilities' decarbonization strategies. The MA DPU also considered issues regarding customer choice and affordability,[47] recognizing the need to prioritize opportunities for residents of environmental justice communities to benefit from moving beyond gas,[48] and workforce development opportunities to ensure a just transition for gas workers who are impacted by the transition away from fossil fuels.[49] The MA DPU rejected proposals from the Massachusetts gas utilities to use any customer funds to support the blending of RNG or hydrogen into their systems as part of a decarbonization strategy,[50] due to concerns regarding the feasibility, availability, and unproven climate benefits of these alternative fuels.[51] The MA DPU left open the potential for hydrogen

[45] MA DPU Case No. 20-80-B, Order on Regulatory Principles and Framework, rel. Dec. 6, 2023, *available at* https://fileservice.eea.comacloud.net/FileService.Api/file/FileRoom/18297602
[46] *Id.* at 6-13.
[47] *Id.*
[48] *Id*. at 16.
[49] *Id.* at 17.
[50] *See, e.g.*, *id.* at 71 ("If the LDCs need to upgrade their systems or incur additional interconnection and metering equipment costs to make these fuels [i.e., RNG and hydrogen] available, all of the relevant system-upgrade costs, in addition to traditional costs borne by gas ratepayers, must be assumed by those who will take RNG supply and not by all customers.").
[51] *See, e.g.*, *id.* at 68 ("Regarding the availability of RNG, we are not convinced that sufficient RNG stocks will be available to ensure the alleged potential environmental benefits."); *id.* at 83 ("The Department agrees that significant research is necessary before hydrogen feasibly could be injected into an LDC's distribution system.").

demonstration projects for "targeted end uses" that cannot easily be electrified, such as high-temperature industrial processes,[52] but cautioned that any "RNG and hydrogen pilot proposals must take into consideration environmental justice populations and ensure that any such projects do not contribute to a decline of indoor air quality."[53]

The MA DPU rejected the gas companies' proposals to pursue hybrid heating systems as unnecessary and imprudent. The MA DPU explained that, "[g]iven improvements in technology, the Department expects that cold-climate heat pumps generally will eliminate the need for backup heating systems,"[54] and in the long term, "it will be impractical to maintain the gas distribution system solely for backup furnaces in cold weather."[55] The MA DPU explained that it would "therefore not approve the use of additional ratepayer dollars for hybrid heating system pilots" and clarified its expectation for "LDCs to focus on targeted electrification and—pending the outcome of current pilots—a networked geothermal projects to meet the long-term climate targets of the Commonwealth."[56]

The MA DPU envisions a dramatic downsizing of the gas system to meet Massachusetts' Global Warming Solutions Act emissions mandates, explaining:

> As the Commonwealth strives to achieve its 2050 climate targets, we envision that the long-term use of the natural gas distribution system generally will be limited to strategic circumstances where electrification is not feasible for all natural gas applications.[57]

The Commission should consider the specific determinations in the MA DPU Order and, building off the extensive analysis and thinking the MA DPU has already done, should craft a

[52] *Id.* at 84.
[53] *Id.*
[54] *Id.* at 55.
[55] *Id.* at 81.
[56] *Id.*
[57] *Id.* at 70.

regulatory framework for gas or thermal planning that more rapidly sets forth immediate, medium- and long-term plans to transition the District away from gas.

ii. Pitfalls to avoid from other jurisdictions

In initiating and managing a thermal planning docket, the Commission should take steps to avoid experiencing pitfalls that have plagued gas planning dockets in other states. A unifying problematic feature of multiple other states' gas planning dockets involves the degree of control and influence given to the state's gas utilities. In Massachusetts, the gas utilities and their retained consultants attempted to dominate the gas planning process, to the detriment of both meaningful stakeholder input and credible substantive outcomes. The gas utility-commissioned study underlying the Massachusetts future of gas docket[58] relied on multiple faulty assumptions, including the premise that all sources of "RNG" are carbon-neutral.[59] The study also imposed higher weatherization costs on a high-electrification scenario and inflated the costs estimated for cold-climate heat pumps.[60] Predicating a future-of-gas analysis on studies that are biased in favor of gas paves the way for generating incorrect outcomes that harm ratepayers.

In New York, the Public Service Commission likewise put the gas utilities in the driver's seat in developing 20-year long-term plans that were intended to cohere with New York's climate mandates.[61] Unsurprisingly, the first gas utility to submit a plan proposed not to fully electrify a single customer over the 20-year planning horizon,[62] and retained this

[58] MA DPU Case No. 20-80, *Final Joint Stakeholder Response to Draft LDC Reports* (filed Mar. 17, 2022).
[59] *Id.* at 2.
[60] Sierra Club Letter to Future of Gas Consultants, "Sierra Club Comments and Recommendations Relating to the LDC Regulatory Framework and Proposals, and the Draft Independent Consultant Report Prepared by E3 & ScottMadden, MA DPU Docket No. 20-80: Investigation by the Department of Public Utilities on its own Motion into the role of gas local distribution companies as the Commonwealth achieves its target 2050 climate goals" (Mar. 17, 2022).
[61] New York Pub. Serv. Comm'n, *Order Adopting Gas System Planning Process*, NY PSC Case No. 20-G-0131 (May 12, 2022), at 4 (providing that gas utility planning "must be conducted in a manner consistent with" New York's climate law).
[62] Nat'l Fuel Gas Distrib. Corp., Initial Long-Term Plan, NY PSC Case No. 22-G-0610 (Dec. 22, 2022).

recommendation in its long-term plan despite engaging in an eight-month stakeholder process during which all stakeholders and an independent consultant retained by Commission staff strongly opposed the utility's approach.[63] These experiences from other jurisdictions reveal how ostensibly climate-focused planning processes can be hijacked by gas utilities and used to recommend speculative investments in perpetuating reliance on the gas pipeline system.

Accordingly, the Commission should consider retaining a third party with impartial analysis to run the thermal planning proceeding, which will operate subject to input from WGL, intervenors, and the Commission. If this Commission chooses to create a central role for a consultant to evaluate potential future scenarios in this docket, the consultant should be independent and selected by the Commission. Both the Commission and stakeholders should have ample opportunity to offer input on and assess the assumptions underlying this consultant's analyses through technical stakeholder meetings and opportunities to submit written questions.

The Commission should conserve time and resources by relying on applicable studies that have already been conducted in other states, such as studies from Maryland and Massachusetts that found that investing in electric grid infrastructure and electric building equipment—including heat pumps—were a lower-cost alternative to a hybrid scenario where buildings maintained gas back-ups for electric appliances.[64] The Commission should rely on findings reached by Commissions in sister states, and instead focus its inquiries in a DC thermal planning docket on the many outstanding questions that still need to be resolved for DC.

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[63] *See* Nat'l Fuel Gas Distrib. Corp., Final Long-Term Plan, NY PSC Case No. 22-G-0610 (July 17, 2023); *cf.* Charles River Assocs., Final Report: National Fuel Gas Distribution Corporation Long-Term Plan Assessment, NY PSC Case No. 22-G-0610 (July 25, 2023) (independent consultant report critiquing National Fuel Gas' final long-term plan).

[64] Maryland Commission on Climate Change, Building Energy Transition Plan at 11 (Oct. 13, 2021), https://mde.maryland.gov/programs/Air/ClimateChange/MCCC/Documents/MWG_Buildings%20Ad%20Hoc%20Group/Building%20Energy%20Transition%20Plan%20-%20Approved.pdf; Mass. Dep't of Pub. Util., Order on Regulatory Principles and Framework, D.P.U. 20-80-B at 55, 71 (Dec. 6, 2023).

To the extent the DC Commission decides that any new studies should be performed in the context of its thermal planning docket, these should be conducted by a neutral third-party entity and all stakeholders have an equal opportunity to make recommendations or challenge the assumptions underlying the study early on in the process. The Commission should also oversee the entity conducting the study to ensure that it does not make incorrect assumptions, such as overestimating the costs (and underestimating the performance) of air- and ground-source heat pumps and weatherization measures; underestimating the costs (and overestimating the availability) of RNG, CNG, and hydrogen; treating ongoing utility pipe replacement efforts as unavoidable (and thus overstating the cost of electrification-based futures); ignoring the availability of federal electrification and weatherization incentives; and misstating the emission reductions attributable to various forms of methane gas or electric appliances.

New York's long-term gas planning dockets also highlight procedural hurdles that can make public engagement more challenging. For instance, public intervenors in New York's docket were not provided an opportunity to conduct formal discovery on the gas companies' submissions.[65] Additionally, the flow of the gas long-term planning docket in New York was structured so that the eleven gas utilities were filing staggered gas system plans over a span of 25 months—a time-consuming and cumbersome process that is proving prohibitively difficult and costly for interested stakeholders to participate in.[66] The Commission should take steps to ensure that its thermal planning docket allows members of the public to meaningfully participate, including by commenting on studies in the docket, conducting discovery, participating in hearings, and commenting on any substantive plans that the utilities produce.

[65] New York Pub. Serv. Comm'n, *Order Adopting Gas System Planning Process*, NY PSC Case No. 20-G-0131 (May 12, 2022), at 24.
[66] *Id.*, at 64-65.

Accordingly, the NPOs recommend that the Commission include near-, medium-, and long-term issues in its thermal energy planning proceeding, and initiate a process by which stakeholders can convene to develop the parameters of that proceeding.

III. CONCLUSION

WHEREFORE the NPOs respectfully request that the Commission initiate a thermal planning proceeding, consider the above comments, and incorporate the above recommendations into the thermal planning proceeding.

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CERTIFICATE OF SERVICE

I hereby certify that on this April 28th 2025, a copy of the foregoing was served on the following parties by electronic mail:

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