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People's Counsel

July 31, 2025

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. 1183, IN THE MATTER OF THE INVESTIGATION INTO
THE IMPACT OF THE PJM CAPACITY AUCTION AND THE
ESTABLISHMENT OF THE PJM CAPACITY AUCTION TASK FORCE**

Dear Ms. Westbrook-Sedgwick:

Attached is the *Phase 1 PJM Capacity Auction Task Force Report*, which is being filed pursuant to Commission orders in the above-captioned case. The members of the task force include Office of the People's Counsel, Potomac Electric Power Company, Department of Energy and Environment, the Apartment and Office Building Association of Metropolitan Washington ("AOBA"), PJM Interconnection, LLC, DC Sustainable Energy Utility, and DC Office of the City Administrator.

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

Sincerely,

/s/ Ankush Nayar

Ankush Nayar
Assistant People's Counsel

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

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| In the Matter of the Investigation Into | § | |
| the Impact of the PJM Capacity Auction | § | |
| and the Establishment of the PJM | § | Formal Case No. 1183 |
| Capacity Auction Task Force | § | |

PHASE 1 REPORT OF THE PJM CAPACITY AUCTION TASK FORCE

I. INTRODUCTION

The PJM Capacity Auction Task Force (“Task Force”) submits the Phase 1 Task Force Report, pursuant to the directives of the Public Service Commission (“Commission”) of the District of Columbia. In response to a petition submitted by the Office of the People’s Counsel for the District of Columbia (“OPC”), the Commission opened Formal Case No. 1183, establishing the 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 auction” and to submit its findings in a report.¹ The Commission subsequently issued Order No. 22425, establishing July 31, 2025, as the deadline for this report.² The Commission indicated that this report will constitute phase 1 of a two-part report.³ Phase 2 will cover additional issues and is due on October 31, 2025.⁴

¹ *Formal Case No. 1183, In the Matter of the Investigation into the Impact of the PJM Capacity Auction and the Establishment of the PJM Capacity Auction Task Force (“Formal Case No. 1183”), Order No. 22334, ¶¶ 2, 4, rel. December 9, 2024 (“Order No. 22334”).*

² *Formal Case No. 1183, Order No. 22425, ¶ 1, rel. May 29, 2025 (“Order No. 22425”).*

³ *Id.*

⁴ *Id.*

II. BACKGROUND

On October 15, 2024, “OPC” filed a petition seeking to open an investigation into “the significant consequences” of the PJM Interconnection, LLC, 2025/2026 Base Residual Auction (“BRA”), *i.e.*, the “capacity auction.”⁵ The results from that auction, held in July of 2024, resulted in a seven-fold increase in PJM wide capacity costs, from \$2.2 billion to \$14.7 billion.⁶ OPC requested that the Commission establish a 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 auction.”⁷

On December 9, 2024, the Commission issued Order No. 22334, which opened Formal Case No. 1183 and granted OPC’s request for a task force and investigation. The Commission directed that the Task Force develop a recommendation report, citing the need for “immediate action” and for “a coherent local strategy” with respect to the capacity auction, particularly as the auction pertained to wholesale prices beyond the control of the Commission.⁸ Interested parties

⁵ *General Docket No. 2024-20-M, In the Matter of the 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*, (“GD-2024-02-M”), 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, p.1, filed October 15, 2024 (“OPC Petition”).

⁶ *See* 2025/2026 Base Residual Auction Report at 4. July 30, 2024. PJM Interconnection, LLC. <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2025-2026/2025-2026-base-residual-auction-report.pdf>.

⁷ *Formal Case No. 1183*, Order No. 22334, ¶ 2.

⁸ *Id.* ¶ 4.

were directed to file a request to be appointed to the Task Force within 30 days from the date of the order.⁹

The Task Force consists of OPC, Potomac Electric Power Company (“Pepco”), Department of Energy and Environment, the Apartment and Office Building Association of Metropolitan Washington (“AOBA”), PJM, DC Sustainable Energy Utility (“DCSEU”), and DC Office of the City Administrator.

Commission Staff requested that OPC lead the Task Force, to which OPC agreed . On January 31, 2025, the Task Force held its initial meeting. Over the past six months, the Task Force has held ten meetings and also filed an interim report explaining education and outreach steps taken by Task Force members in their individual capacity. The Commission subsequently established a deadline for July 31, 2025, for filing this report. ¹⁰

III. DISCUSSION

The Report will cover the three topics discussed in Order No. 22334 sequentially: (1) Rate Impacts from the auction; (2) Education and Outreach; and (3) learned changes to Pepco’s business strategy. Consensus items are included first under each section, followed by member-specific comments, which are designated as such.

A. Financial Impacts from the 2025/2026 Base Residual Auction

PJM is the regional transmission organization (RTO) that coordinates the movement of wholesale electricity across the District of Columbia and 13 states. To ensure sufficient electricity is available to meet peak demand, such as on the hottest and coldest days of the year, PJM operates

⁹ *Id.*

¹⁰ *Formal Case No. 1183*, Order No. 22425, ¶ 1, rel. May 29, 2025.

a capacity market known as the PJM Reliability Pricing Model (RPM).¹¹ The RPM is designed to provide grid reliability and incentivize new generation through a market-based auction known as the PJM Base Residual Auction (BRA), *i.e.*, the “capacity auction.”¹² In July 2024, PJM held the BRA for the 2025/2026 delivery year for its entire footprint, including the Pepco load zone. This auction resulted in the highest capacity prices ever seen in the region, which went into effect June 1, 2025 and will remain in place until May 31, 2026.¹³

The Pepco Zone, in which the District of Columbia is located, saw a five-fold increase in capacity prices with the capacity clearing prices increasing from \$49.49/MW-day in 2024/2025 to \$269.92/MW-day for 2025/2026.¹⁴ The Pepco Zone cleared at the PJM system-wide clearing price and did not experience higher price separation like those in the nearby Baltimore Gas and Electric (BGE) and Dominion zones, which experienced clearing prices of \$466.35/MW-day and \$444.26/MW-day respectively due in part to transmission constraints.¹⁵ The PJM auction results impacted Pepco’s Standard Offer Service (SOS) rates as well as competitive supply rates in the District, as these results reflect wholesale capacity costs across the PJM footprint including the District of Columbia.¹⁶

¹¹ Synapse Energy Economics, Inc., *Drivers of PJM’s Capacity Market Price Surge and its Impact on Electricity Consumers in the District of Columbia* at 1 (April 25, 2025), <https://opc-dc.gov/pjm-capacity-market-report-april-25-2025/> (Synapse Report).

¹² *Id.* at 1-2.

¹³ *Id.* at 5.

¹⁴ *Id.*

¹⁵ 2025/2026 Base Residual Auction Report at 6. July 30, 2024. PJM Interconnection, LLC. <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2025-2026/2025-2026-base-residual-auction-report.pdf>

¹⁶ For further comparison, the Zonal Net Load Price, which is what the PEPCO DC load pays, cleared at \$49.68/MW-day for the 2024/25 Delivery Year and \$270.35 per MW-Day for the 2025/26 Delivery Year.

SOS is the default supply service Pepco administers, and SOS supply is procured through an auction process, which the Commission, the Commission’s independent market monitor, and OPC oversee. SOS supply is procured in increments over a three-year period to protect customers from large energy price shifts and is comprised of energy, capacity and renewable energy credits required to meet the District of Columbia’s renewable portfolio standards. Because the PJM capacity auction has not been run on a consistent, three-year forward schedule, a proxy capacity price is provided to suppliers within the Commission-approved annual Request for Proposals (RFP) to utilize for periods in which the PJM capacity price is unknown. The proxy price serves as a placeholder and does not impact the competitive rate. Once the actual clearing price is known, Pepco adjusts the proxy price for the actual price for the winning suppliers when calculating the SOS rates, such as those recently approved in Order No. 22412.¹⁷

On June 1, 2025, the SOS increase went into effect for Pepco DC customers. Pepco analyzed the incremental monthly bill impact of the capacity results, as shown in the table below. The May 2025 amount represents the monthly bill before the impact of the capacity auction results, and the June 2025 amount represents the monthly bill with the addition of the impact of the capacity auction results. The resulting monthly bill changes, are shown below for select customer classes:

Capacity Auction Monthly Bill Impacts

| | Estimated kWh usage | 2024/2025 | 2025/2026 | Monthly Bill Change |
|--------------------|----------------------------|------------------|------------------|----------------------------|
| Residential | 614 | \$3.08 | \$12.28 | \$9.21 |
| GSND | 906 | \$4.53 | \$18.12 | \$13.59 |
| MGLTV | 65,571 | \$327.86 | \$1,311.42 | \$983.57 |

¹⁷ *Formal Case No. 1017, In the Matter of the Development and Designation of Standard Offer Service in the District of Columbia* (“*Formal Case No. 1017*”), Order No. 22412, rel. May 7, 2025.

At the request of Task Force members, Pepco also prepared calculations of the monthly bill impacts from the capacity auction for residential and commercial customers who use more than the average amount of electricity at the request of Task Force members. The Table below provides bill impact calculations for certain customer classes at different levels of usage:

Variation in Capacity Auction Bill Impacts by Usage

| | Estimated kWh usage (75th Percentile) | 2024/2025 | 2025/2026 | Monthly Bill Change |
|--------------------|--|------------------|------------------|--------------------------------|
| Residential | 921 | \$4.61 | \$18.42 | \$13.81 |
| GSND | 1,359 | \$6.80 | \$27.18 | \$20.38 |
| MGLTV | 98,357 | \$491.79 | \$1,967.14 | \$1,475.35 |

| | Estimated kWh usage (90th Percentile) | 2024/2025 | 2025/2026 | Monthly Bill Change |
|--------------------|--|------------------|------------------|--------------------------------|
| Residential | 1,105 | \$5.53 | \$22.10 | \$16.57 |
| GSND | 1,631 | \$8.16 | \$32.62 | \$24.46 |
| MGLTV | 118,028 | \$590.14 | \$2,360.56 | \$1,770.42 |

Following the PJM capacity auction, Governor Joshua Shapiro of Pennsylvania filed a complaint against PJM in December 2024 challenging the structure of the auction. Both parties reached a settlement requiring the establishment of an auction cap of \$325/MW-day and a floor of \$175/MW-day for Delivery Years (DY) 2026/27 and 2027/28. These changes were filed with the Federal Energy Regulatory Commission (“FERC”), which approved the proposed cap and floor.

¹⁸ Based on these parameters Pepco provided the forecasted potential monthly bill impact to residential customers based on if the DY2026/27 BRA would have a capacity clearing price at the market cap, floor and the mid-point.

¹⁸ *PJM Interconnection, L.L.C., Commonwealth of Pennsylvania v. PJM Interconnection, L.L.C.*, 191 FERC ¶ 61,066 at P 51 (2025).

Capacity Auction Forecasted Residential Monthly Bill Impacts – DY 26/27

| Clearing Price | May 2026 | June 2026 | Monthly Bill Change |
|------------------------------|-----------------|------------------|----------------------------|
| Cap - \$325/MW-day | \$12.28 | \$15.35 | \$3.07 |
| Median - \$250/MW-day | \$12.28 | \$11.67 | \$(0.61) |
| Floor - \$175/MW-day | \$12.28 | \$7.98 | \$(4.30) |

In addition to rule changes discussed above, the changes below have also been implemented into the PJM capacity auction rules since the DY 2025/2026 BRA and prior to the DY 2026/2027 BRA:

- Including Reliability Must Run (RMR) units in the supply curve.¹⁹
- Retaining the combustion turbine (CT) as the reference resource rather than switching to a combined cycle reference resource to help reduce price volatility.²⁰
- Removing must-offer exemptions for intermittent, storage and hybrid resources, thereby requiring these resources to participate in the auction, increasing the available supply.²¹

Furthermore, on February 11, 2025, FERC approved revisions to Part VII of PJM’s Open Access Transmission Tariff (Tariff) known as the Reliability Resource Initiative (RRI), which PJM filed on December 13, 2024.²² The RRI proposal added provisions to the Tariff allowing for a one-time reliability-based expansion that would expedite review of certain generation projects in PJM’s interconnection queue, aimed to help address near-term resource adequacy

¹⁹ *PJM Interconnection, L.L.C.*, 190 F.E.R.C. ¶ 61,088, at P 47 (2025).

²⁰ *Id.* at PP. 60, 63, 66-67.

²¹ *PJM Interconnection, L.L.C.*, 190 ¶ 61,117 at P 1 (2025).

²² *PJM Interconnection, L.L.C.*, 190 F.E.R.C. ¶ 61,084 at P 1 (2025).

concerns.²³ PJM selected 51 projects for a total of more than 9,300 MW of capacity through the RRI.²⁴ 90% of the projects are expected to be online by 2030, with all projects to be online by 2031.²⁵

The capacity auction for the 2026/2027 delivery year began on July 9, 2025, and the results were published on July 22, 2025. The BRA for the 2026/2027 delivery cleared at \$329.17.²⁶

As AOBA will discuss in Part 2, most AOBA members in the District of Columbia purchase energy in the competitive market. Therefore, calculations of increases in capacity charges based on SOS may not be reflective of the cost impact on commercial and multi-family properties that are served by competitive suppliers.

1. OPC Bill Impacts

OPC procured Synapse Energy Economics, Inc. (“Synapse”) to study the BRA and conduct its own bill impact analysis; these findings are included in the [Synapse Report](#), which is publicly available. The analysis yielded slightly different results than those provided by Pepco. Per Synapse, OPC found that the bill impact was \$9.75 or approximately \$10.00 for residential ratepayers averaging 614 kWh per month over 12 months. This equated to an additional \$/kWh

²³ *Id.* at PP 1, 53.

²⁴ <https://insidelines.pjm.com/pjm-chooses-51-generation-resource-projects-to-address-near-term-electricity-demand-growth/>

²⁵ *Id.*

²⁶ 2026/2027 Base Residual Auction Report at 3. July 22, 2025. PJM Interconnection, LLC. <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-bra-report.pdf>. The cap/floor prices of \$325/\$175 initially filed with FERC were based on the preliminary Reference Resource AUCAP Factor; the actual Reference Resource AUCAP Factor resulted in the cap of \$329.17. *Id.* at 4 n.1.

of \$0.017 for residential ratepayers. The \$/kWh impact for commercial customers was \$0.016.²⁷ OPC also found that if the next auction cleared at the price cap, the additional impact would be \$1 over the current price for residential ratepayers, and if the auction cleared at the price floor, it would reduce the impact by \$5.²⁸ Synapse anticipated that the most likely scenario for the next auction was a clearing price occurring at or above the market cap.²⁹ This bore true as the BRA Results for the 2026/2027 delivery cleared at \$329.17.³⁰ All Locational Deliverability Areas (“LDAs”) cleared at the cap, including BGE and DOM, which did not experience price separation.³¹ The Synapse Report also had predicted this would likely occur for the BGE and DOM LDAs, due to transmission upgrades and two power plants (Brandon Shores and Wagner) returning to the supply curve.³²

B. Joint Education and Outreach Plan

Per the Commission Order, Task Force members were to “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.”³³ The members of the Task Force shared information on rate impacts, the PJM capacity auction, provided background on outreach activities that their organizations were pursuing individually, and discussed coordinating education and outreach. Ultimately, due to time

²⁷ Synapse Report at 6.

²⁸ *Id.* at 24.

²⁹ *Id.* at 23-24.

³⁰ 2026/2027 Base Residual Auction Report at 3. July 22, 2025. PJM Interconnection, LLC. <https://www.pjm.com/-/media/DotCom/markets-ops/rpm/rpm-auction-info/2026-2027/2026-2027-bra-report.pdf>.

³¹ *Id.*

³² Synapse Report at 24.

³³ *Formal Case No. 1183*, Order No. 22334, ¶ 1.

constraints, diverging views on the auction, and the unique needs of the Task Force members to communicate with customers and other stakeholders, a uniform outreach plan could not be crafted. Rather, members followed a “parallel approach” where they used meetings to build further understanding of the rate impacts, worked individually to disseminate information to the broader public, while keeping open the option for collaborative outreach with other members. Accordingly, the section will cover the perspectives of Task Force members in their education and outreach efforts for the Commission’s consideration.

1. OPC’s Position on the Parallel Approach and Outreach Efforts

OPC has appreciated the opportunity to lead the Task Force thus far and attempted to address the three tasks outlined by the Commission. As noted above, two central challenges were the time it took to understand the impacts from the auction and that parties had divergent views on what information to share. OPC would like to briefly expand on these issues, which will provide useful insight for the Commission moving forward.

i. Understanding the Capacity Auction and its Rate Impacts

Part of the challenge in developing joint education and outreach material was the time necessary to accurately understand the rate impacts, potential causes to the price increase, and the operation of the PJM Base Residual Auction (BRA), which all required multiple meetings. Initial meetings included presentations by PJM on the BRA auction with input from OPC on potential causes for the historic increase in the clearing price. Soon after, the discussion shifted to understanding the rate impacts. Pepco made several presentations on the matter, with OPC sharing its own findings in later meetings.

Pepco’s initial presentations provided insight regarding the rate impacts; however, the Company’s use of the proxy price as a starting point to measure the change in the average

ratepayer's bill caused confusion – particularly for those less familiar with the SOS bid process. The proxy price is simply a placeholder used in the SOS bid process until the auction is complete; however, it does not represent the actual price charged to ratepayers and does not appear on the bill. Thus, ratepayers would have no familiarity with this number. Therefore, future explanations of ratepayer impacts should measure for change based on the previous capacity price ratepayers are paying.

Additional time was also needed to distinguish the change from winter to summer rates, the change from prior summer rates to new summer rates, and changes in the rates attributable from the recent rate order, Order No. 22328,³⁴ as well as the total bill impact versus the change strictly from the Capacity Auction. Discussions also noted that affordability programs such as the Residential Aid Discount Program (RAD), which assist low-to-moderate income households with their energy bills, addressed only the distribution side of the bill and would not offset the rise in wholesale costs. Impacts to commercial customers also varied based on the specific customer class. AOBA noted that many of its members did not procure their electricity from SOS, and there remains a much greater range in usage within commercial class customers compared to the residential class. This meant approaching the impact analysis and explaining it based on customer class was considerably different.

ii. Task Force Members did not agree on all issues regarding the capacity price.

The Task Force also did not agree on certain issues pertaining to education and outreach, making a parallel approach preferable. As an initial matter, Pepco's calculations as to the change in impacts from the BRA auction differed slightly from OPC's calculations. Pepco initially

³⁴ *Formal Case No. 1176, In the Matter of the Application of Potomac Electric Power Company for Authority to Implement a Multiyear Rate Plan for Electric Distribution Service in the District of Columbia* (“*Formal Case No. 1176*”), Order No. 22328, rel., Nov. 26, 2024.

advocated that there should be a specific price cited when discussing the rate impact from the BRA with the general public, while OPC proposed parties could coordinate and provide a range of approximately \$9.21 - \$10.00 when explaining the impact.³⁵

Subsequently, Pepco stated that it did not wish to include a line-item breakdown when explaining the bill impact to customers, concerned that this would increase confusion. There was also a lack of time for Pepco to change the bill inserts that explained the change from winter to summer rates to customers. Other stakeholders, including OPC and AOBA, believed a specific line-item or explanation as to the impacts from the Capacity Auction was needed. The Task Force also did not reach consensus on the principal reasons for the five-fold increase in capacity prices.

Thus, parties ultimately concluded that each task member should pursue their own education and outreach path, while utilizing the meetings to share and build greater understanding of the auction, confirm current and future rate impacts, and note proposed changes submitted before the FERC.

iii. OPC's Education and Outreach

As noted earlier, in response to the results of the 2025/2026 BRA, OPC procured the services of Synapse to analyze and publish its findings on the impacts from the 2025/26 BRA, as well as future impacts based on proposed and adopted market reforms. In April 2025, Synapse completed its report, which was later posted to OPC's website and shared with members of the Task Force. The Synapse Report discusses the rate impacts for the District of Columbia from the 2025/2026 BRA as well as drivers for the rise in auction prices, ongoing changes and proposed

³⁵ DOEE also noted the value of describing not just the average bill impact but also ranges of price impacts that vary based on usage, particularly in conversations with nonprofits, public officials, and others who field complaints and concerns from residents. Such ranges can help other organizations and people understand and contextualize resident concerns, particularly for high-usage households who will be disproportionately affected by the price increases.

reforms to the Capacity Auction, and projects rate impacts moving forward. The report took slightly longer than anticipated to account for ongoing changes to the auction that were proposed in filings submitted before FERC.

OPC also raised concerns with FERC, joining with other state advocate offices from Maryland, New Jersey, Illinois, and Ohio, in filing a complaint before the federal agency, challenging the market rules that were in place for the 2025/26 Auction.³⁶ OPC also provided input before FERC on proposed changes by PJM and the settlement agreement between PJM and Pennsylvania, brokered in response to a separate protest filed by Pennsylvania. This settlement agreement proposed a market ceiling on the clearing price for the next auction of \$325 per MW-day and a price floor of \$175 per MW-day. OPC opposed the price floor but not the price cap. After FERC approved the settlement agreement for both the floor and the cap, Synapse provided a range of outcomes based on different assumptions for new supply entering PJM. OPC shared these findings with the task force, and they are included in the Report.

During this time, OPC has continued to issue press releases and notified ratepayers of the rate impacts in its monthly newsletter. It also held discussions with community leaders and spoke with staff members for the D.C. Council and will continue to look for opportunities to engage with the public. This includes making information about the capacity market accessible to ratepayers in a consumer-friendly format.

³⁶ *Joint Consumer Advocates v. PJM Interconnection, L.L.C.*, Docket No. EL25-18-000 (filed November 14, 2024)

2. *Pepco's Education and Outreach Efforts*

While the Task Force did not have a single communication and outreach plan, communications and outreach were successful. Pepco presented its high-level Communications and Outreach Plan to the Task Force in the March 14, 2025 Task Force meeting.³⁷

Pepco is committed to keeping customers and stakeholders informed about changes to their bills and available programs and resources to help them better understand and manage their energy usage to help lower their energy bills or access assistance if needed. This includes a multi-channel approach to reaching customers, including through Pepco's website, direct customer outreach, media engagement, social media, and more. Many of these channels have been used to help inform customers of changing supply rates this summer.

Residential Customers

Pepco launched a centralized location on its website at pepco.com/BillSupport where customers can access information on current rate impacts, energy savings tips, energy assistance programs, frequently asked questions, and more. This page is updated throughout the year to reflect the latest changes or updated program information. Furthermore, this page has been updated to reflect summer supply rate changes. Customers are directed to this page through various outreach materials, including emails, flyers, social media, and advertising.

Residential customers also received direct outreach on summer rate changes through email and bill inserts. This includes a customer email sent on May 5, 2025 and the [SOS bill insert](#) included in May residential customer bills. Pepco provided an additional bill insert, [LINES](#), in June bills to provide reminders to customers about rate changes that took effect on June 1, 2025 and resources available to support them. Other direct outreach efforts include in-person events

³⁷ *Formal Case No. 1183*, Meeting Minutes from March 28, 2025, Attachment 2, filed April 7, 2025; *Formal Case No. 1183*, Meeting Minutes, Attachment 2, filed June 6, 2025.

where customers can speak directly with Pepco representatives and explore options to support them should they need it.

Pepco has leveraged social media channels to share bill education information, promote programs—like budget billing—that can help ease rate changes for customers, provide useful energy saving tips, and more.

Finally, Pepco regularly engages local media to more broadly disseminate information on rate changes, energy savings, and assistance. For example, during the late June heatwave, Pepco distributed a [summer savings](#) news release, which led to coverage in multiple print, broadcast, and digital media outlets, helping amplify important energy savings tips as well as energy efficiency programs available through the DCSEU. Pepco has also participated in multiple interviews with [news outlets](#) to inform them about supply bill impacts.

Commercial Customers

Pepco’s Large Commercial Services team conducted outreach to commercial customers in advance of changing supply rates this summer. This includes direct newsletters sent to commercial customers, which outlined impacts from the PJM Capacity Auction results and potential impacts to supply costs.³⁸ Pepco also hosted a webinar to help inform commercial customers of rate changes, which customers can still view online ([LCS Capacity Market Trends and Solutions | Pepco - An Exelon Company](#)). While many commercial customers often choose a third-party supplier, the capacity auction may impact those suppliers as well, and Pepco encouraged commercial customers to review their rates with their third-party suppliers should they have them.

Stakeholders

³⁸ <https://pepco.mypreferencecenter.com/Newsletter/NewsletterView?newsletterCampaignSendId=50055>

Pepco understands that many stakeholders and leaders across the District may receive questions about supply changes and bill impacts this summer. To help those local leaders better understand these changes and impacts, Pepco invited councilmembers/councilmembers staff, ANC commissioners/neighborhood associations, government agencies, and others to attend a series of Pepco-hosted webinars to learn more about expected changes this summer. Stakeholders were provided handouts that they could then share with their constituents should they receive questions on bill impacts. While some residential customers may choose a third-party supplier, the capacity auction may impact those suppliers as well, and Pepco encouraged residential customers to review their rates with their third-party suppliers.

Ongoing Education Efforts

Bill education efforts will continue throughout the year to help customers further understand bill impacts, ways to save energy and money, and how they can access support if necessary. These efforts include communications related to Pepco's Customer Relief Fund, which is designed to help limited- and moderate-income Residential customers manage the impact of rising energy supply costs. This fund is promoted through a variety of communication channels, including targeted outreach to customers who may be eligible to apply for assistance.

3. AOBA's Education and Outreach

As was stated earlier in this report, most AOBA members in the District of Columbia purchase energy in the competitive market. Therefore, calculations of increases in capacity charges based on Standard Offer Service are not very useful for AOBA's membership. Further, since AOBA has a diverse membership encompassing several different commercial rate schedules, as well as the master-metered apartment rate schedule, a one size-fits-all approach does not work for

AOBA's membership. Even within the MGT-LV and GT-LV Commercial rate classes, there is a wide variation in usage and different load factors.

Additionally, it is not unusual for some AOBA members to enter into competitive energy supply contracts with capacity charges passed through directly. Other members sign contracts which are fixed price contracts, but subject to contract clauses which allow for changes in law or regulation to be passed through to customers.

Recognizing these differences, AOBA worked with its competitive preferred provider to develop general communications to AOBA's membership. The provider presented a high-level PJM Capacity Update in one of AOBA's energy market update webinars. This update included the information on the auction, timeline, additional changes, and changes for the next two auctions. AOBA also met separately with its preferred provider who communicated what the changes were and how this would impact competitive supply pricing for AOBA members.

AOBA informed its members in newsletters, as well as Board of Directors reports. However, what AOBA found most helpful were individual meetings with its members and their competitive supplier to explain the drivers of the increase, as well as how such increases affected their specific properties. AOBA participated in many of these discussions, as well as discussions with energy brokers who work with AOBA members.

4. *DOEE*

In the initial months following the 2024/2025 BRA, DOEE and OAG obtained an estimate of the impacts of the capacity auction results on residential customers in DC and shared that estimate with others including the Commission and OPC.³⁹ DOEE is grateful that OPC and Pepco

³⁹ See, e.g., *Formal Case No. 1176*, District of Columbia Government's Post Legislative-Style Hearing Brief (Aug. 30, 2024), pp. 8-9 (explaining that "due to these increased capacity prices, an average usage residential customer of Pepco's Standard Offer Service (SOS) in the District of Columbia will [likely] experience a \$9.52/month increase on their bill for energy supply.").

subsequently conducted more thorough analyses of the bill impacts of the 2024/2025 BRA on DC residents and businesses, and have used their analyses in subsequent conversations. DOEE has continued to engage in robust education and outreach regarding its energy assistance programs as essential tools to address increases in electricity prices. Finally, DOEE has coordinated with other organizations, such as the DCSEU and Pepco, following the PJM Capacity Auction results to revise outreach and education materials in order to ensure residents and businesses can learn about utility assistance and energy efficiency programs.

5. PJM's Education and Outreach

PJM requested to join the Task Force to serve as an educational resource to the members of the Task Force. PJM functions as a nonprofit, is fully regulated by FERC and has one mission: to keep the lights on for the 67 million people served across 13 states and the District of Columbia.

Over the course of the Task Force meetings, PJM provided an in depth education to this Task Force, explaining how the BRA works and describing the underlying factors that caused the sharp rise in BRA prices for the 2025/2026 Delivery Year (see PJM educational slides entitled, *PJM Capacity Market and 2025/26 Base Residual Auction Results, dated February 28, 2025* in PSC docket, FC 1183).⁴⁰ In a nutshell, the BRA price increase was due to decreased electricity supply caused primarily by a large number of generator retirements, combined with increased electricity demand and implementation of FERC-approved market reforms. PJM has been warning of its concerns on this impending supply/demand imbalance and expected price increases for some years now, both at the state and federal levels.

The amount of supply resources in this auction continued to decrease as has been the trend for recent auctions. The reliability concerns associated with reducing supply and increasing

⁴⁰ *Formal Case No. 1183*, Meeting Minutes from February 28, 2025, Attachment 2, filed March 11, 2025.

demand are not limited to PJM; the North American Electric Reliability Corporation (NERC) has identified elevated risk to the reliability of the electrical grid for much of the country outside of PJM. PJM expects prices to continue to rise as the peak load forecast continues to increase due in large part to the growing demand of data centers that power the race to become the global leader in artificial intelligence. However, as indicated above, the next 2 auctions, that will cover Delivery Years 2026/2027 and 2027/2028, will be capped at \$325/MW-day with a floor of \$175/MW-day across the RTO, per FERC approval.

Ultimately, it is important to note that the District of Columbia imports over 95% of its energy from surrounding PJM states, as the District decided many years back to shutter all of its generation plants. It is crucial that the District continue to explore options for generating supply as well as strengthening its importing capabilities as it works to meet its carbon reduction goals. PJM will continue to serve as an educational resource and seeks to be a partner to the District of Columbia and in particular the Commission. PJM looks forward to continue working with the District to ensure its reliability needs are met.

Finally, as PJM does not engage in retail sales of electricity to end-use customers, it does not conduct independent outreach to DC retail customers.

C. Changes to Pepco's business strategy

Order No. 22334 directed the Task Force to report on any changes to Pepco's business strategy in "light of the capacity auction." The Task Force did discuss the issue and Pepco made an initial presentation on resource adequacy in response. The Task Force will continue to meet and develop the Phase 2 Report.⁴¹

⁴¹ Pursuant to Order No. 22425, ¶ 4, issued subsequently to Order No. 22334, the Commission also stated that the "Task Force shall then submit part two of the recommendation report on what improvements might be made locally to address the impacts of the capacity auction on District consumers by October 31, 2025. This two-part recommendation report will allow the Task Force to update the Commission on the

discussions held on these initial topics, while allowing the Task Force to continue to discuss ideas related to the long-term issues surrounding the capacity auction.”