

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

**ORDER**

**August 14, 2025**

**FORMAL CASE NO. 1017, IN THE MATTER OF THE DEVELOPMENT AND DESIGNATION OF STANDARD OFFER SERVICE IN THE DISTRICT OF COLUMBIA, Order No. 22702**

**I. INTRODUCTION**

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) approves the executed Renewable Energy Purchase Agreement (“Agreement”) filed by the Potomac Electric Power Company (“Pepco” or “Company”) on July 11, 2025, for the bundled sale of energy and Renewable Energy Credits (“RECs”).<sup>1</sup> The Commission also removes the five percent (5%) Standard Offer Service (“SOS”) load cap and directs Pepco to try to procure a target quantity of twenty-five percent (25%) of the SOS load through renewable energy power purchase agreements. Additional directives apply to Pepco in this Order regarding this Agreement and future Power Purchase Agreements (“PPA”).

**II. BACKGROUND**

2. By Order No. 19897, the Commission, inter alia, established “a pilot program to procure renewable energy through long-term power purchase agreements for electricity generated by solar or wind power facilities located within PJM with a target quantity of five (5) percent of the SOS load.”<sup>2</sup> By Order No. 21413, the Commission approved the executed renewable energy purchase agreement filed by Pepco on July 25, 2022, for the bundled sale of energy, RECs, and capacity.<sup>3</sup> On April 20, 2023, Pepco filed a letter informing the Commission that on February 21, 2023, it received a letter from the counterparty to the PPA, invoking its contractual right to terminate because it had failed to contract for the sale of ninety percent (90%) of the project.<sup>4</sup> Pepco proposed that the Commission issue an order directing Pepco to issue a new Request for Proposals (“RFP”) with more flexible terms to attract more bidders.<sup>5</sup>

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<sup>1</sup> *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”),* Potomac Electric Power Company’s Confidential Renewable Energy Purchase Agreement, filed July 11, 2025 (“Agreement”).

<sup>2</sup> *Formal Case No. 1017, Order No. 19897, ¶ 1, rel. April 12, 2019 (“Order No. 19897”).*

<sup>3</sup> *Formal Case No. 1017, Order No. 21413, ¶ 1, rel. August 3, 2022 (“Order No. 21413”).*

<sup>4</sup> *Formal Case No. 1017, Potomac Electric Power Company’s Letter, filed April 20, 2023 (“Pepco’s April Letter”).*

<sup>5</sup> Pepco’s April Letter at 1.

3. By Order No. 21918, the Commission directed Pepco to: add existing and expanding facilities to the types of facilities that can bid, include a pricing collar review; add offshore wind facilities to the types of facilities that can bid; lower the size threshold of facilities that can bid to five (5) MW; include a termination payment; retain a contract duration of fifteen (15) to twenty (20) years, retain the agreement at a target quantity of 5% of the SOS load, and retain Pepco as the counterparty to the PPA.<sup>6</sup> On November 14, 2023, Pepco filed a Motion requesting the Commission extend the deadline to file an updated draft RFP and PPA from November 27, 2023, to January 16, 2024.<sup>7</sup> By Order No. 21930, the Commission granted an enlargement of time for Pepco to file the updated draft RFP and PPA to January 16, 2024.<sup>8</sup> On January 16, 2024, Pepco filed the revised RFP and draft PPA.<sup>9</sup>

4. On January 17, 2024, the Commission issued a Public Notice inviting comments on Pepco's revised RFP and draft PPA.<sup>10</sup> On January 26, 2024, the Office of the People's Counsel for the District of Columbia ("OPC") filed comments.<sup>11</sup> On January 26, 2024, the Department of Energy and Environment of the District of Columbia, on behalf of the District of Columbia Government, filed comments.<sup>12</sup> On February 2, 2024, Pepco filed a Motion for Leave to Reply and Limited Reply Comments.<sup>13</sup>

5. By Order No. 21977, the Commission directed Pepco to issue the modified RFP and draft PPA fifteen (15) days following the filing date of the modified RFP and draft PPA and directed Pepco to file the final PPA with the Commission for approval once executed.<sup>14</sup> Pepco filed the modified RFP and draft PPA on April 11, 2024.<sup>15</sup> The RFP solicited proposals for renewable energy and environmental attributes, including RECs.<sup>16</sup>

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<sup>6</sup> *Formal Case No. 1017*, Order No. 21918, ¶ 1, rel. October 26, 2023 ("Order No. 21918").

<sup>7</sup> *Formal Case No. 1017*, Potomac Electric Power Company's Motion for Enlargement of Time to Comply with Order No. 21918, filed November 14, 2023.

<sup>8</sup> *Formal Case No. 1017*, Order No. 21930, ¶ 1, rel. November 21, 2023 ("Order No. 21930").

<sup>9</sup> *Formal Case No. 1017*, Potomac Electric Power Company's Revised Request for Proposals and Draft Power Purchase Agreement, filed January 16, 2024.

<sup>10</sup> *Formal Case No. 1017*, Public Notice, issued January 17, 2024.

<sup>11</sup> *Formal Case No. 1017*, Office of the People's Counsel for the District of Columbia's Comments on Pepco's Proposed Request for Proposals and Power Purchase Agreement, filed January 26, 2024.

<sup>12</sup> *Formal Case No. 1017*, Response to January 17, 2024, Public Notice by the Department of Energy and Environment on behalf of the District of Columbia Government, filed January 26, 2024.

<sup>13</sup> *Formal Case No. 1017*, Potomac Electric Power Company's Motion for Leave to Reply and Limited Reply Comments, filed February 2, 2024.

<sup>14</sup> *Formal Case No. 1017*, Order No. 21977, rel. April 1, 2024 ("Order No. 21977").

<sup>15</sup> *Formal Case No. 1017*, Potomac Electric Power Company's Modified Request for Proposals and Draft Power Purchase Agreement, filed April 11, 2024 ("Pepco's RFP and PPA").

<sup>16</sup> Pepco's RFP and PPA.

6. On January 30, 2025, Pepco indicated that it was in negotiations regarding the PPA.<sup>17</sup> Thereafter, Pepco provided weekly updates to Commission Staff and the Commission's Independent Monitor (the Commission's consultant hired to monitor and evaluate the RFP process for fairness) regarding the status of the negotiations, and filed monthly updates.<sup>18</sup> Pepco filed the executed Agreement on July 11, 2025.<sup>19</sup> Pepco, Commission Staff, and the Commission's Independent Monitor evaluated the submitted proposals. On August 6, 2025, Pepco filed an Errata correcting an error in Pepco's July 11, 2025, cover letter, which stated that the Agreement would account for approximately seven percent (7%) of the total SOS load, when in fact the Agreement accounts for 5% of the SOS load.<sup>20</sup>

### III. DISCUSSION

7. The Agreement, made with [CONFIDENTIAL], which covers the sale of energy and RECs, is for a term of 25 years and for approximately 5% of the SOS load (approximately 172,000 MWh per year, based on an installed capacity of 75 MW).<sup>21</sup> The proposed solar project is located in the PJM region. The Agreement also includes an initial contract price of [CONFIDENTIAL] per MWh.<sup>22</sup> Further, while the Agreement does allow for a price increase to address specific risks, such as changes in law, which could impact the cost of the project, the Agreement mitigates the potential price increases to customers by limiting any such increase to a price cap of [CONFIDENTIAL] per MWh.<sup>23</sup> The Agreement also provides for damages if the renewable energy generator does not provide the contracted-for supply during the term of the Agreement.<sup>24</sup> The Commission anticipates that renewable energy from the Agreement will begin to serve approximately 5% of the SOS load in December 2027.

### IV. DECISION

8. The Commission approves the Agreement and finds that it is in the public interest. The Agreement, negotiated under the framework established in Orders Nos. 21918 and 21977, provides energy and RECs over 25 years for 5% of the SOS load (approximately 172,000 MWh annually).<sup>25</sup> The Commission hired an Independent Monitor to monitor and evaluate the RFP

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<sup>17</sup> *Formal Case No. 1017*, Potomac Electric Power Company's Letter, filed January 30, 2025.

<sup>18</sup> *See Formal Case No. 1017*, Potomac Electric Power Company's Letter, filed June 30, 2025.

<sup>19</sup> Agreement.

<sup>20</sup> *Formal Case No. 1017*, Potomac Electric Power Company's Errata to July 11, 2025, Cover Letter.

<sup>21</sup> *Formal Case No. 1017*, Potomac Electric Power Company's Letter, filed July 11, 2025 ("Pepco's July Letter").

<sup>22</sup> Agreement at 1.

<sup>23</sup> Pepco's July Letter at 2. Agreement at 1.

<sup>24</sup> Pepco's July Letter at 2.

<sup>25</sup> Pursuant to Order Nos. 21918 and 21977, Pepco, as the SOS Administrator, was directed to draft and issue an RFP and a draft PPA for a long-term PPA for renewable energy and environmental attributes, including RECs,

process for fairness. The Independent Monitor certified that the solicitation process was fair and reasonable and that the negotiation of the specific contract terms was fair, reasonable, and in good faith. Further, the Independent Monitor found that the Agreement contains provisions that appropriately protect customers. As part of its evaluation, the Independent Monitor performed a market benchmarking analysis and found the initial contract price in the Agreement falls within a reasonable range of benchmark prices. Additionally, the Independent Monitor found that the key terms on which the parties spent the most time negotiating reflected market conditions.

9. As previously discussed in Order No. 19897, integrating long-term renewable energy PPAs into the District of Columbia's ("District") SOS procurement portfolio preserves "the environmental quality, including effects on global climate change and the District's public climate commitments."<sup>26</sup> Using PPAs in this manner is also "consistent with Clean Energy DC, the District of Columbia Climate and Energy Action Plan."<sup>27</sup> The Commission concludes that approval of this Agreement advances the District's goal to reduce greenhouse gas emissions.

10. Based on present market conditions and a December 2027 commercial operation date, the Commission expects the net impact on SOS customer rates to be minimal once the full annualized effect of the Agreement is fully incorporated into SOS rates. Based on the bundled price per MWh reflected in the Agreement, these costs will displace approximately 5% of the total annual wholesale full requirements service for SOS customers. Any additional expenses associated with the delivery of 172,000 MWhs of intermittent renewable energy from the solar project will also be reflected in total SOS rates. The Commission expects that any impact on SOS rates will be proportionately shared across all SOS sales within each SOS customer class. Further, consistent with Section 4103 of the Commission's SOS rules, parties will have an opportunity to comment on the proposed retail rates for SOS that will not only reflect the weighted average prices of the winning bids for the ninety-five percent (95%) share of the SOS load but also the impact of incorporating the costs related to the approximately 5% Agreement into overall SOS rates.<sup>28</sup>

11. Finally, the Commission determines that the executed Agreement is reasonable and customary for long-term renewable energy PPAs and includes a package of prudent ratepayer protections. The key terms and conditions, including pricing, fall within the range of reasonableness based on our Independent Monitor's market benchmarking analysis. Therefore, the Commission approves the Agreement and directs Pepco to integrate the Agreement into

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with a term of 15 to 20 years and a target quantity and cap of 5% of the SOS load. The Agreement covers the sale of renewable energy and environmental attributes, for a term of 25 years and for 5% of the SOS load (approximately 172,000 MWh per year).<sup>25</sup> The longer term of 25 years allowed for better pricing for customers than a 15- or 20-year term did and was thus chosen in order to benefit customers. Furthermore, the RFP did not request capacity, and the Agreement does not include capacity in the product sold to Pepco. However, Pepco, as the SOS Administrator, is still required to procure capacity from PJM wholesale markets for the PPA portion of the SOS load.

<sup>26</sup> Order No. 19897, ¶ 22.

<sup>27</sup> Order No. 19897, ¶ 22.

<sup>28</sup> 15 DCMR § 4103.3.

Pepco's procurement of wholesale full requirements service for the SOS program, consistent with the Commission's SOS rules.

12. Regarding the issue of whether to remove the 5% cap on renewable energy PPAs, the majority has reviewed the results of this most recent bid process and is concerned that keeping a 5% cap will impede the integration of potentially financially beneficial renewable energy PPAs into the SOS program.<sup>29</sup> The majority notes that renewable PPAs, under the District's Clean Energy DC Plan, were modeled to constitute seventy percent (70%) of SOS load beginning in 2019, and resulting in twenty percent (20%) of the District's cumulative emissions reductions by 2032.<sup>30</sup> Expanding the use of PPAs in the SOS program has the potential to help the District meet its climate targets, while simultaneously protecting ratepayers from the wholesale price increases we are currently seeing. By removing this cap and replacing it with a higher target quantity, Pepco may receive a higher volume of PPA bids with more competitive pricing, which would in turn benefit customers. Therefore, the majority removes the 5% cap on the PPA and is replacing it with a target quantity of 25% of the SOS load procured through renewable energy PPAs.<sup>31</sup>

13. As such, we direct the Company to try and procure the remainder of the 25% target quantity by issuing the same RFP with a target quantity of 20% so that, ultimately, a potential target quantity of 25% of the SOS load will be procured through renewable energy PPAs. If Pepco makes any other changes to the RFP or draft PPA besides the target quantity, Pepco shall file a redlined RFP and draft PPA with their proposed edits and rationale for Commission approval within thirty (30) days of the date of this Order. If Pepco makes no changes to the RFP and draft PPA besides the target quantity, Pepco shall issue the RFP and draft PPA within 30 days of the date of this Order. Pepco shall continue its monthly updates to the Commission that discuss the status of the responses to the RFP and any subsequent PPA negotiations until the 25% target quantity is reached. When Pepco files any PPA pursuant to this Order, parties to this case will have fourteen (14) days to comment. The Commission will only approve such PPAs that it determines to be in the public interest.

14. Finally, we direct Pepco to update the Wholesale Full Requirements Service Agreement ("WFRSA") and RFP to integrate the Agreement when Pepco files the WFRSA and RFP for the 2027-2028 SOS solicitation. These changes should be discussed with the SOS Working Group at the SOS Post Bid Conference before they are filed with the Commission. Pepco

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<sup>29</sup> Time is of the essence to incorporate renewable PPAs before market conditions become more difficult.

<sup>30</sup> *Clean Energy DC: The District of Columbia Climate and Energy Action Plan*, at 28-29. The Commission, in Order No. 20662, n.19, previously clarified it has "an obligation to develop a plan that furthers the purposes of the Clean Energy Act and aligns with the targets established by *Clean Energy DC* and *Sustainable DC*." *Formal Case No. 1142, In the Matter of the Merger of AltaGas Ltd. and WGL Holdings, Inc.* ("Formal Case No. 1142"), and *Formal Case No. 1167, In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals* ("Formal Case No. 1167"), Order No. 20662, rel. November 18, 2020. In Order No. 20754, ¶ 44, the Commission also established that "to the extent that the Clean Energy DC does not conflict with the Commission's statutory mandates, the Commission can be guided by Clean Energy DC in its review of utility proposals." *Formal Case No. 1142*, and *Formal Case No. 1167*, Order No. 20754, rel. June 4, 2021.

<sup>31</sup> This target quantity includes an acceptable range of +/- 3% to offer flexibility to Pepco.

shall make a filing after future PPAs are filed with the Commission, proposing any changes to the SOS procurement process to integrate the Agreement and future PPAs into the SOS program.<sup>32</sup>

**THEREFORE, IT IS ORDERED THAT:**

15. The Commission **APPROVES** the executed Renewable Energy Purchase Agreement filed by the Potomac Electric Power Company on July 11, 2025;

16. The Commission **DIRECTS** the Potomac Electric Power Company to try to procure a target quantity of twenty-five percent (25%) of the Standard Offer Service load through renewable energy power purchase agreements;

17. Parties to this case will have fourteen (14) days to comment on Pepco's power purchase agreement(s) pursuant to this Order;

18. The Potomac Electric Power Company **SHALL** integrate the Renewable Energy Purchase Agreement into the Potomac Electric Power Company's procurement of wholesale full requirements service for the Standard Offer Service program consistent with the Commission's Standard Offer Service rules;

19. The Commission **DIRECTS** the Potomac Electric Power Company to issue the Request for Proposals and draft power purchase agreement with the target quantity changed to twenty percent (20%) within thirty (30) days of the date of this Order, unless the Potomac Electric Power Company makes additional changes to the Request for Proposals and draft power purchase agreement, which shall be filed within thirty (30) days from the date of this Order;

20. The Potomac Electric Power Company is **DIRECTED** to file a monthly update that discusses the status of the responses to the Request for Proposals and any subsequent power purchase agreement negotiations;

21. The Potomac Electric Power Company **SHALL** update the Wholesale Full Requirements Service Agreement and Request for Proposals to integrate the Renewable Energy Purchase Agreement when it files the Wholesale Full Requirements Service Agreement and Request for Proposals for the 2027-2028 Standard Offer Service solicitation;

22. The Potomac Electric Power Company **SHALL** make a filing proposing changes to the Standard Offer Service procurement process to integrate the Renewable Energy Purchase Agreement and future power purchase agreements into the Standard Offer Service program after future power purchase agreements are filed with the Commission; and

23. The Potomac Electric Power Company **SHALL** notify the Commission within thirty (30) days of receiving any notifications of changes to the solar project's commercial operation date, changes to the Renewable Energy Purchase Agreement's pricing terms, material developments regarding the proceeding for the solar project's application for a certificate of environmental compatibility and public need and any resulting certificate from the relevant

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<sup>32</sup> These changes would be those outside of the scope of the WFRSA and RFP.

authority, material developments regarding the solar project's interconnection process within the PJM Interconnection region, and any other material adverse changes.

**A TRUE COPY:**

**BY DIRECTION OF THE COMMISSION:**

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

**CHIEF CLERK:**

**BRINDA WESTBROOK-SEDGWICK  
COMMISSION SECRETARY**

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

**August 14, 2025**

**FORMAL CASE NO. 1017, IN THE MATTER OF THE DEVELOPMENT AND  
DESIGNATION OF STANDARD OFFER SERVICE IN THE DISTRICT OF COLUMBIA,**

**PARTIAL CONCURRING AND PARTIAL DISSENT OPINION OF CHAIRMAN  
THOMPSON TO ORDER NO. 22702**

I AGREE with the majority’s approval of continuing the procurement of renewable energy through the Power Purchase Agreement (“PPA”) to aid the District of Columbia (“District”) in reaching its clean energy and carbon neutrality goals. However, I respectfully DISSENT on the removal of the five percent (5%) cap on procured renewable energy through the PPA for the Standard Offer Service (“SOS”) load and replacing it with a target quantity of twenty-five percent (25%).

The District’s climate commitments are very important and must be achieved. There are multiple ways to achieve those commitments and a PPA is not the only way. To increase the cap, especially by such a large percentage, there should be careful examination and discussion by all stakeholders. Neglecting early stakeholder input and engagement when considering a major procurement change like increasing a PPA cap, even for a Request for Proposals (“RFP”), invites severe consequences for ratepayers, including unforeseen costs.

Since the infancy of the PPA pilot program, the Commission, along with stakeholders, noted several times the importance of starting with a smaller procurement cap to “help minimize risks to ratepayers” so that in the event there is a “price risk” the impact on the SOS “prices is very slight.”<sup>1</sup> To raise the cap, and potentially lock District ratepayers into a multi-decade contract as energy prices are soaring, stakeholders must be allowed to comment prior to such a significant increase. Permitting comments after the fact creates an implied assumption that the cap, along with the resulting price, is reasonable.

In 2023, the Commission sought comments on potential revisions to the terms of the renewable PPA.<sup>2</sup> In its response, the Office of the People’s Counsel for the District of Columbia (“OPC”) specifically stated their concern “about the potential cost to ratepayers of locking in unfavorable terms for decades” and that the Renewable Portfolio Standard can be met through

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<sup>1</sup> *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. 21977, ¶ 16, rel. April 1, 2024. *See also, Formal Case No. 1017*, Order No. 21918, ¶ 13, rel. October 26, 2023; *Formal Case No. 1017*, Order No. 19897, ¶ 32, rel. April 12, 2019.

<sup>2</sup> *Formal Case No. 1017*, Notice on Standard Offer Service Power Purchase Agreement, filed May 3, 2023.

other mechanisms such as purchasing Renewable Energy Credits and local generation.<sup>3</sup> Further, OPC specifically noted that the “percentage of load should not be increased past 5% as a protection for customers.”<sup>4</sup>

The market and economic realities have dramatically shifted since 2023. Those realities include escalating generation costs, uncertain financial markets as it relates to clean energy facilities, and evolving federal legislation. The cost of renewable electric energy has increased significantly over the last several years. To put these concerns into context, Order No. 21413 approved a PPA, with the same developer in 2022. The proposed 2025 PPA price for solar is seventy-eight percent (78%) higher than the Commission approved 2022 PPA price. Unfortunately, the contract was terminated due to the reasons stated in the majority opinion.<sup>5</sup> Not only is this contract price 78% more than the cost of the previous PPA and for ten years longer, it does not include capacity pricing.<sup>6</sup> It is estimated that this contract will lead to an average increase of just under a dollar on ALL residential SOS customers. It should be noted that the residential aid discount program does not provide relief on SOS prices. Future pricing for renewable energy is uncertain and creates pricing risk for SOS consumers. Expanding the PPA to 25% would create greater financial risk for SOS customers. With PPA prices steadily rising this year, it can be presumed that the cost of increasing the cap to 25% will create even greater costs for ratepayers over an extended period of time.

Simply put, this is a decision that deserves the input from all stakeholders.

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<sup>3</sup> *Formal Case No. 1017*, Office of the People’s Counsel for the District of Columbia Comments on Potential Revisions to the Terms Required for the Renewable Power Purchase Agreement, filed June 5, 2023 (“OPC’s Comments”).

<sup>4</sup> OPC’s Comments.

<sup>5</sup> The 2022 PPA solar project was canceled by the project developer in 2023.

<sup>6</sup> The largest variable right now in wholesale pricing is the capacity price. Since this agreement, and presumably the future RFP, contains no requirement to include capacity, this agreement does not “simultaneously protect[ing] ratepayers from the wholesale price increases we are currently seeing” as stated in the majority opinion.

COMMISSION ACTION

**FORMAL CASE NO. 1017, IN THE MATTER OF THE DEVELOPMENT AND DESIGNATION OF STANDARD OFFER SERVICE IN THE DISTRICT OF COLUMBIA,**

Date 8/14/25 Formal Case No. 1017 Tariff No. \_\_\_\_\_ Order No. 22702

	Approve Initial & Date	Partially Concur Initial & Date	Abstain Initial & Date
Chairman Emile Thompson	_____	<u>ET/JP 8/14/25</u>	_____
Commissioner Richard A. Beverly	<u>RB/JP 8/14/25</u>	_____	_____
Commissioner Ted Trabue	<u>TT/JP 8/14/25</u>	_____	_____

Certification of Action

*Jamond D. Perry*  
General/Deputy General Counsel

Stephan Jaksch  
OGC Counsel/Staff