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September 8, 2025

Ms. 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. 1183 –  
Meeting Summary- August 28, 2025 – Working Group Part II**

Dear Ms. Westbrook-Sedgwick:

Enclosed please find Potomac Electric Power Company's Capacity Auction Task Force Working Group Meeting Minutes.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely,

*/s/ Kunle Adeyemo*

Kunle Adeyemo

Enclosure

cc: All Parties of Record

**Meeting Summary FC1183: August 28, 2025 – Working Group Part II**

**1. Agenda Overview**

- Attendance: PSC Staff, OPC, DOEE, DCG, PJM, and Pepco,
  - Future of the Task Force
  - Leadership
  - Topics for Upcoming Meetings
  - Meeting Minutes
- Pepco Presentation on Supply-Side Solution
- Preparation of Second Report
- Next Meeting Planning

**2. Task Force Leadership & Meeting Structure**

- Staff will lead the remaining four meetings, with OPC’s agreement.
- Staff shared a proposed schedule and topics for the remaining meetings, aiming to conclude by October 31, 2025.
- Staff is open to additional meetings if needed.

**3. Proposed Meeting**

- Topics:
  - Meeting #1– Supply-side opportunities
  - Meeting #2– Modifications to the SOS procurement process
  - Meeting #3– Demand-side (inside-the-District) solutions
  - Meeting #4– Review and discussion of the two-part report
- These meetings are intended to generate high-level ideas for the Commission’s consideration.
- Stakeholders are encouraged to suggest additional topics or present on relevant issues.

**4. Meeting Minutes**

- OPC recommended rotating responsibility, and Pepco agreed. No objections were raised.
- Pepco will take minutes for this meeting.

**5. Stakeholder Input**

- Staff emphasized that alignment is not required for the final report.
- All stakeholder perspectives are welcome and will be reflected in the report to the Commission.

**6. Pepco Presentation: Supply-Side Solutions**

- Focused on resource adequacy and capacity market impacts on customer bills.
- Noted challenges: load growth (e.g., data centers, electrification) and generation retirements.
- Acknowledged positive developments (e.g., PJM reforms, new generation expected by 2030), but more action is needed
- Two Main Solution Areas:
  1. Injecting energy during peak periods to reduce costs.
  2. Increasing overall supply, either within or imported into the District.

- Potential Solutions from the utility:
- Vehicle-to-Grid (V2G):
  - Rebates for bi-directional chargers
  - Infrastructure support (e.g., heavy-ups)
  - Pay-for-performance incentives during peak periods
  - Aggregation into Virtual Power Plants (VPPs) at the distribution or market level
  - DOEE asked about the target size for such a program.
    1. **Pepco:** It's not yet clear, but there is a filing in Maryland under the Drive Act that may be helpful. It includes some V2G-type incentives and program mechanisms that could provide insight.
- DER Hosting Capacity Maps: Improve existing Distributed Energy Resource (DER) hosting capacity maps to:
  - Increase data granularity and quality, Enable greater small-scale solar deployment, Automate interconnections over time, and Consolidate Pepco's public maps into a single, user-friendly platform
  - OPC: Questioned why this is being proposed now, noting the Commission had previously requested updates. Emphasized the need for dynamic, developer- and customer-friendly tools.
  - Pepco: These maps are regularly updated; this proposal is a functionality upgrade, not just a data refresh.
- Behind-the-Meter Battery Energy Storage (BESS): Offer upfront incentives such as rebates to encourage customers to purchase batteries or lease batteries from Pepco or a third party. Also establish tariffs to allow customers to use batteries for arbitrage, inject power into the grid during peak hours.
  - PJM Question: Asked about cost per customer?
  - Pepco: No current cost estimate; concept is still in early stages. Will consult with Green Mountain Power and other utilities with similar programs and waiting for Benefit-Cost Analysis (BCA) framework from Commission.
  - DOEE: What's needed to move from concept to proposal?
  - Pepco: Seeks stakeholder feedback and examples from other jurisdictions. Open to incorporating ideas into future filings.
- Virtual Power Plant (VPP): Create a platform to aggregate DERs, starting with battery storage, then expanding to EVs and enable optimal dispatch of DERs and participation in PJM markets. Offer pay-for-performance incentives to participants.
  - DCSEU: Interested in this as this lines up with FERC 2222 and DC SECU's GHG reduction as a key performance metric, but DCSEU wants to expand beyond GHG. Open to future collaboration and emphasized the need for full program design and DOEE approval.
  - Pepco: Elk Neck, MD VPP pilot, which maintained service during a major storm and is being adapted for other use cases.
- Utility-Scale Battery Energy Storage (Front-of-the-Meter) Pepco-owned utility-scale batteries to provide, arbitrage, capacity firming, renewable integration, wholesale market participation.

- OPC: Raised regulatory concerns about utility-owned generation and sales into PJM. OPC believes private sector ownership might be more appropriate. Urged the Commission to clarify the asset classification of battery storage.
- Pepco: Believes the Commission has already ruled that battery storage is not generation. Projects would still require a BCA and stakeholder input to determine viability.
- OPC: Emphasized that battery storage should be privately owned and still function effectively. They cautioned against utility ownership of storage assets, as it could undermine competitive markets and customer choice. Do not believe that the Commission has determined how battery storage should be classified in the District (e.g., as a generation, transmission, or other asset). Would such storage meaningfully reduce capacity needs.
- Grid-Enhancing Technologies (GETs) and Transmission: Pepco introduced three key GETs for improving transmission system efficiency: Dynamic Line Rating (DLR), Advanced Conductors / Reconductoring, and Power Flow Control. These technologies aim to increase transmission capacity at lower cost by optimizing existing infrastructure rather than building new lines.
  - OPC: How would these technologies function within D.C.'s transmission system.
  - Pepco: that this would require coordination with transmission asset planning group. These technologies are being piloted in other Exelon jurisdictions.
  - DOEE: Will these technologies have meaningful applications within D.C. or are more relevant outside the District?
  - Pepco: Likely transmission-related and could be more cost-effective than building new lines. COMED's uses similar technologies in a network system like D.C.'s.
  - OPC: What are thresholds for when GETs become advantageous?
  - Pepco: Will look into this further with the proper experts.
  - DOEE: Is there more concrete information on the value and impact of GETs beyond theoretical advantages.
  - Pepco: Value assessments were done in other jurisdictions (e.g., COMED), they are unsure if similar analysis has been done for D.C.
  - OPC: Concerns about integration with PJM's transmission management system, particularly regarding data handling and system compatibility with DLR. They referenced past PJM comments on this issue and emphasized the need to evaluate how GETs would interact with PJM systems before moving forward.
  - PJM: Clarified that while they control the transmission system operations, the physical infrastructure is owned by the transmission operators and unsure of compatibility issues raised.
  - DOEE: D.C. need to move beyond a "menu of options" and toward specific, value-driven program design, the task force to prioritize high-value solutions, whether within or beyond the task force's scope.

- **Impact on Supply Costs**
  - Staff: How would the proposed programs affect supply costs for D.C. consumers, capacity and energy.
  - Pepco: These programs that increase supply (e.g., direct load control, market arbitrage) can lower capacity charges for all customers and reduce bills for participants. Hosting capacity maps and GETs can enable more local and regional supply, potentially reducing capacity charges through PJM auctions. Direct load control programs have previously generated market revenues that were passed through to customers. Storage solutions can earn capacity credits and help manage energy costs by shifting usage to lower-cost periods.
- OPC: Raised the possibility of entering into long-term Power Purchase Agreements (PPAs) as a way to reduce prices for D.C. consumers. OPC suggested exploring long-term PPAs and more flexible PPAs, including those with non-renewables that adjust based on market conditions.
- Pepco: PPAs are two-party agreements, and flexibility may not be attractive to sellers. Recent PPAs include tax incentives and fixed terms, which may not support high flexibility. Noted that securing highly flexible PPAs is complex and not always feasible.
- OPC: Only experience with PPA with dispatchable generator is natural gas PPAs in Washington State, though not specifically with electric utilities.
- OPC Asked about the difference between capacity offsets and reductions.
- Pepco: Offsets involve earning revenue from capacity income but still require full payment of obligations. They carry non-performance risks. Reductions in capacity obligations are safer and more predictable, making them a more viable strategy.

**7. Other Questions:**

- Staff: Is Elk Neck injecting power to grid?
- Pepco: Not yet injecting into the grid.
- Staff: Are these systems standalone and aggregated?
- Pepco is working with an aggregator and will confirm whether customers are operating in standalone mode.
- Staff: What Markets would Pepco be looking to participate in?
- Pepco: Market participation (capacity, energy, ancillary) is still to be determined.
- Staff: What is the status of the Ocean City Project?
- Pepco: It has not been energized. Additional updates may be included in Pepco's upcoming Maryland filing under the Next Generation Act.
- Staff: Requested any updates be shared before the October 31 report deadline if possible.

**8. Second Report Planning**

- Report due: October 3
- Structure:
  - Sections on supply-side solutions, SOS procurement modifications, demand-side solutions, and related issues.
  - Stakeholders may include non-consensus positions and contribute presentations or recommendations.

- Staff: Asked who would draft Second report?
    - Pepco is open to assisting with drafting. Pepco supports including both consensus and non-consensus perspectives.
  - Staff: This Report is open to stakeholder input. Staff believed OPC intended to look at ways that things could be improved related to supply side costs.
    - OPC noted they had not anticipated addressing these issues. The part of the Task Force they wanted to focus on has already been completed. But OPC is happy to be part of the discussion.
9. **Next meeting:** Scheduled for September (date to be determined via poll). Topic will be SOS modifications, with optional presentations from stakeholders.

## CERTIFICATE OF SERVICE

I hereby certify that a true copy of Pepco's Meeting Minutes for August 28, 2025 Capacity Auction Task Force Working Group was served on the parties of record in Formal Case No. FC1183 by electronic mail this 8<sup>th</sup> day of September 2025.

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/s/ *Kunle Adeyemo*

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