

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

ORDER

October 1, 2025

FORMAL CASE NO. 1017, IN THE MATTER OF THE DEVELOPMENT AND DESIGNATION OF STANDARD OFFER SERVICE IN THE DISTRICT OF COLUMBIA,
Order No. 22718

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) approves and adopts the Standard Offer Service (“SOS”) Working Group’s proposed Wholesale Full Requirements Service Agreement (“WFRSA”) and Request for Proposals (“RFP”) for the 2025-2026 SOS solicitation, as modified below by this Order. The Commission directs the SOS Working Group to file a revised final copy of the WFRSA and RFP for the 2025-2026 SOS solicitation by October 6, 2025.

II. BACKGROUND

2. On July 29, 2025, pursuant to 15 DCMR § 4101.3, the Potomac Electric Power Company (“Pepco” or “Company”) filed the proposed revised WFRSA and RFP for the 2025-2026 SOS solicitation on behalf of the SOS Working Group.¹ On August 19, 2025, the Commission issued a Public Notice inviting interested persons to file comments on the proposed WFRSA and RFP.² No comments were filed in response to the Public Notice.

III. DISCUSSION

3. Each year, by August 1, Pepco, as the SOS Administrator, must file a WFRSA and RFP for the upcoming SOS solicitation.³ Prior to submitting the RFP and WFRSA for the upcoming SOS solicitation, the Company convenes the SOS Working Group to consider whether and to what extent the WFRSA and RFP should be revised or updated. On June 23, 2025, Pepco, as the SOS Administrator, convened an SOS Working Group meeting to discuss changes to the 2025-2026 SOS RFP and WFRSA.

¹ *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”), Standard Offer Service Working Group’s Wholesale Full Requirements Service Agreement and Request for Proposals for the 2025-2026 SOS Solicitation, filed July 29, 2025 (“SOS Working Group’s Proposed WFRSA and RFP”).*

² *Formal Case No. 1017, Public Notice, issued August 19, 2025.*

³ “The SOS Administrator shall submit to the Commission by August 1 of the previous year, specific procurement format, form of request, process, timeline, evaluation process, evaluation criteria, and model contract for Wholesale Full Requirements Service supply of SOS for Commission approval.” 15 DCMR § 4101.3.

4. In its July 23, 2025, SOS Working Group meeting, Pepco proposed the following two (2) changes to the 2025-2026 RFP and four (4) changes to the 2025-2026 WFRSA.

5. Pepco proposes the following changes to the 2025-2026 RFP:

- a. Section 2.1, “Services Requested,” advises suppliers to incorporate an updated capacity proxy price of \$299.89/MW-day into their offers to supply Residential and Small Commercial full-requirements wholesale service for each month in the contract term that the Zonal Net Load Price for capacity resulting from the Base Residual Auction is unknown at the time suppliers provide their offers in an SOS auction;
- b. Appendix A, “2025-2026 Implementation Timeline,” was modified with a revised timeline.⁴

6. Pepco proposes the following changes to the 2025-2026 WFRSA:

- a. Article 7.1(j), “Billing,” updated the proxy capacity price for suppliers to incorporate a price of \$299.89/MW-day into their offers to supply full-requirements wholesale service;
- b. Billing Line Items 2930, “Generation Deactivation,” and 2932, “Generation Deactivation Fund,” were removed from Exhibit E;
- c. Article 12.8, “Global Systemically Important Bank (G-SIB),” added for Globally Systematically Important Bank (G-SIB) with reference to Exhibit I, “Adherence to the U.S. Stay Protocol”;
- d. Exhibit C, “Bid Assurance Letter of Credit,” and Exhibit C-1, “Performance Assurance Letter of Credit,” were updated to include the paragraph below:
 - i. “WE CONFIRM THAT THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT AND ANY AMENDMENT(S) TRANSMITTED VIA E-MAIL TO: _____ IS THE OPERATIVE INSTRUMENT. THE BENEFICIARY MAY USE THE ELECTRONIC PDF FILE OF THE LETTER OF CREDIT NO. _____ AND ANY AMENDMENT(S) AS THE "ORIGINAL" LETTER OF CREDIT AND ORIGINAL AMENDMENTS. ANY PRINTED HARDCOPIES WILL BE COPIES ONLY AND CANNOT BE TREATED AS THE ORIGINAL LETTER OF CREDIT OR ORIGINAL AMENDMENTS.”⁵

⁴ SOS Working Group’s Proposed WFRSA and RFP at 2.

⁵ During the SOS Working Group meeting on June 23, 2025, Morgan Stanley proposed adding Exhibit I to the WFRSA. Based on Morgan Stanley’s proposed change, Pepco included Article 12.8 to the WFRSA, as well as Exhibit I. Following the SOS Working Group meeting, Pepco reached out to the SOS Working Group regarding the removal

7. There were no objections to these proposed changes during the SOS Working Group meeting, and as such, they were incorporated into the 2025-2026 WFRSA and RFP filed by Pepco on July 29, 2025.⁶

IV. DECISION

8. The Commission has reviewed the SOS Working Group's proposed WFRSA and RFP and identified several clerical errors. The Commission, therefore, directs Pepco to revise these clerical errors in the WFRSA and RFP as follows:

- a. In the RFP, under Section 1, "Introduction," change "must be replaced in a twenty-first year of bidding" to "must be replaced in a twenty-second year of bidding" since Pepco completed its twenty-first bidding process in January 2025.
- b. In the RFP, under Appendix E, "Bid Form Spreadsheets" in the Residential and Small Commercial bid form, remove the extra "Price Periods Within Contract Term – P2" for the 6/1/27-5/31/28 service year.
- c. In the WFRSA, under Article 7.1(j), "Billing," remove the extra "=" sign in line 5.
- d. In the WFRSA, under Exhibit E, "Billing Line Item Transfers/Sample PJM Invoice," in the Sample PJM Invoice in Credits, remove Billing Line Items 2930 Generation Deactivation Credit and 2932 Generation Deactivation Refund Credit. These line items are currently allocated to the Seller, however, they only apply to the generator side and should therefore be excluded.

9. The Commission also directs Pepco to make several substantive changes to the WFRSA and RFP. First, in the past, a capacity proxy price has been used for SOS delivery years in which PJM did not run its Base Residual Auctions ("BRA"), as bidders to the RFP must provide capacity as a component of their service and use the results of these auctions to price that component. There is a high probability that the upcoming WFRSA and RFP will still need a capacity proxy price for at least one year of the Residential and Small Commercial product.⁷ Pepco proposed using the same method to set the capacity proxy price as it did last year, in which the capacity proxy price, \$299.89/MW-day, is based on the average of the two most recent auction results. However, the Commission directs Pepco to set the proxy price in both the WFRSA and RFP at \$329.43/MW-day, the most recent PJM BRA result. Future BRA prices are expected to remain elevated in the short term, consistent with recent auction results, and absent significant changes to existing capacity market rules. By utilizing the most recent BRA result as the proxy

of Billing Line Items 2930 and 2932, following clarification from PJM on the RMR settlement from the WFRSA, since it was not disclosed during the SOS Working Group. SOS Working Group's Proposed WFRSA and RFP at 2.

⁶ SOS Working Group's Proposed WFRSA and RFP at 1.

⁷ The Residential and Small Commercial product for this SOS procurement will cover the period from June 2026 through May 2029. BRAs have now been completed through May 2027. The results of PJM's BRA for the 2026-2027 delivery year (the first year of the supply term) were made available in July 2025. PJM calls for the base residual auctions for the 2027-2028 and 2028-2029 delivery years to be conducted in December 2025 and June 2026, respectively.

price, we anticipate a better alignment with future BRA prices, thereby minimizing potential true-up costs between the proxy price and actual BRA results and mitigating exposure to market volatility.

10. Second, by Order No. 22702, the Commission approved the executed Renewable Energy Purchase Agreement (“Agreement”).⁸ Given that these matters are interrelated and that this Agreement will have an impact on SOS procurement once the delivery of energy commences, we take this opportunity to provide bidders with additional clarity by directing Pepco to add the following language to the RFP at the end of Section 2.1, “Supply Requirement Overview,”: “On August 14, 2025, the Commission issued Order No. 22702 approving Pepco’s proposed SOS renewable energy power purchase agreement (“PPA”) for 5 percent of SOS energy. Delivery of energy from the approved PPA project is expected to begin in December 2027. SOS auctions beginning in December 2026 for Delivery Years 2027-2028 and beyond will be adjusted accordingly. There will be no impact on the upcoming auctions scheduled for December 8, 2025, and January 5, 2026.”

11. The Commission approves and adopts the SOS Working Group’s proposed WFRSA and RFP for the 2025-2026 SOS solicitation, as modified herein. The SOS Working Group shall file a revised final copy of the WFRSA and RFP by October 6, 2025.

THEREFORE, IT IS ORDERED THAT:

12. The Standard Offer Service Working Group’s proposed Wholesale Full Requirements Service Agreement and Request for Proposals for the 2025-2026 Standard Offer Service solicitation, as modified by this Order in paragraphs 8 through 10, are hereby **APPROVED** and **ADOPTED**; and

13. The Standard Offer Service Working Group is **DIRECTED** to file a revised final copy of the Wholesale Full Requirements Service Agreement and Request for Proposals for the 2025-2026 Standard Offer Service solicitation by October 6, 2025.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:



CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

⁸ Formal Case No. 1017, Order No. 22702, rel. August 14, 2025.

COMMISSION ACTION

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

Date 10/1/25 Formal Case No. 1017 Tariff No. _____ Order No. 22718

	Approve Initial & Date	Partially Concur Initial & Date	Abstain Initial & Date
Chairman Emile Thompson	<u>ET/JP 10/1/25</u>	_____	_____
Commissioner Richard A. Beverly	<u>RB/JP 10/1/25</u>	_____	_____
Commissioner Ted Trabue	<u>TT/JP 10/1/25</u>	_____	_____

Certification of Action

Jamond D. Perry
General/Deputy General Counsel

Stephan Jaksch
OGC Counsel/Staff