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February 5, 2026

Ms. Brinda Westbrook-Sedgwick
Commission Secretary
Public Service Commission of the
District of Columbia
1325 G Street N.W., Suite 800
Washington, DC 20005

Re: Formal Case No. 1017

Dear Ms. Westbrook-Sedgwick:

Attached please find Potomac Electric Power Company's Initial Comments in the above-referenced matter.

If you have any questions or concerns, please do not hesitate to contact me.

Sincerely,

/s/ Dennis P. Jamouneau

Dennis P. Jamouneau

Enclosure

cc: All Parties of Record

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

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 INITIAL COMMENTS

On December 23, 2025, the Public Service Commission of the District of Columbia (Commission) issued a Public Notice (Notice) initiating the 2025 Biennial Review of Standard Offer Service (SOS) in the District of Columbia in accordance with 15 DCMR § 4102.2. In the Notice, the Commission stated that, in particular, the review was focused on affordability of electricity supply and any recommended SOS changes that could help lower or stabilize the price of electricity for District ratepayers were of particular concern. The Notice also included a number of questions for interested persons to answer. Potomac Electric Power Company (Pepco) appreciates the opportunity to offer the following comments.

- A. The SOS Administrator currently solicits a full requirements product through a competitive auction process where bidding suppliers bundle many components, such as capacity, energy, ancillary services, and Renewable Energy Credits (“RECs”), into a single price for SOS electricity. Should the District separate supply procurement into one or more components?**

1. Separate Capacity Procurement

- i. **Should capacity be separately procured for SOS? If so, identify the method of capacity procurement. Methods could include, but are not limited to: a separate auction, use of an aggregator, bilateral contracts, Power Purchase Agreements (“PPAs”), energy storage, Distributed Energy Resources (“DERs”), microgrids, and demand response.**

Pepco does not advocate for separating the procurement of capacity for SOS. Capacity is a straight pass-through between the wholesale suppliers and PJM and unbundling it would not affect the SOS process.

- ii. **What should the duration for capacity procurement be? Please provide recommendations by rate class. Additionally, should these procurements be staggered?**

See previous response.

- iii. **Are there methods to reduce the District’s SOS capacity obligation? Methods could include, but are not limited to: demand-side management, DERs, time-of-use rate design, and price-responsive demand rates.**

In the FC 1183 PJM Task Force meetings, the Company discussed options that could impact capacity need such as expanding available supply and lowering reliance on capacity resources during peak conditions. These concepts may require further design work, benefit-cost analysis, and Commission approval before any implementation.

The growing need to address resource adequacy challenges and the resulting implications for customer electricity bills coupled with the following could have a potential impact on PJM capacity need:

1. **Supply-side options:**
 - Deploying DER resources capable of providing energy during peak periods to reduce capacity costs.
 - Increasing overall supply through new local generation or expanded imports.
 - Customer-side supply resources such as:
 - o Vehicle-to-grid technologies
 - o Behind-the-meter energy storage
 - o Virtual Power Plants
 - Utility-scale solutions, including battery storage, grid-enhancing technologies, and long-term PPAs.
2. **Demand side** options that could reduce peak load and thus capacity obligations, such as:
 - Time-of-Use Rates
 - Demand Response and Load Management Programs
 - Energy Efficiency and Behavioral Programs

2. Separate REC Procurement

- i. **Should RECs be separately procured to meet the District's Renewable Energy Portfolio Standard requirements for SOS? If so, identify the method of procurement. Methods could include, but are not limited to: a separate auction, use of an aggregator, bilateral contracts, PPAs, and DERs.**

Renewable Energy Certificates (RECs) could be procured separately to meet the District's Renewable Portfolio Standard (RPS) requirements. In Delaware, for example, RPS is not part of the full requirements product, meaning that wholesale suppliers are not responsible for RPS. The utility purchases RECs to meet Delaware's state mandated renewable requirements. Something similar could be done in the District.

In addition, because of the current (5%) Power Purchase Agreement (PPA) and potential PPA that would procure additional percentages of future SOS load, Pepco will be holding RECs in excess of the load share served; thus, customers could see savings if Pepco manages the whole RPS process.

- ii. What should the duration for REC procurement be? Please provide recommendations by rate class. Additionally, should these procurements be staggered?**

There should be no set duration as long as annual RPS compliance is met.

3. Separate Energy and Ancillary Services Procurement

- i. Should energy and ancillary services be separately procured for SOS? If so, identify the method of procurement. Methods could include, but are not limited to: a separate auction, use of an aggregator, bilateral contracts, PPAs, and DERs.**

No, energy and ancillary services should stay a part of the SOS product. In Pepco's view, separating these additional components – which are minimal within the current product – would have only nominal value and would add unnecessary complexity to the process.

- ii. What should the duration for energy and ancillary services procurement be? Please provide recommendations by rate class. Additionally, should these procurements be staggered?**

See previous response.

B. Other Modifications to the SOS Procurement Process

- 1. Currently, the SOS Administrator procures one-year SOS electricity contracts for the Large Commercial customer load and staggered three- year SOS electricity contracts for the Small Commercial and Residential customer load. Should the length and/or the procurement structure of these contracts be changed? If so, why?**

These product lengths are similar to other contract terms with other utilities within PHI. Pepco does not believe they should change because the staggered contracts and separation of customer types provide adequate balance to costs while also continuing to get

sufficient interest in the annual auctions that have produced competitive prices and mitigated price fluctuations.

- 2. Currently, the SOS Administrator procures separate electricity contracts for the Residential, Small Commercial, and Large Commercial rate classes. Should there be any modifications to the separation of these rate classes? If so, why?**

Pepco does not think there is any advantage to modify the separation of residential, small commercial, and large commercial rate classes.

- 3. Currently, the bidding for SOS is scheduled on an annual basis with two bid days, one in December and one in January. Should there be any modification to the frequency and timing of these auctions? If so, why?**

Pepco does not think there should be any modifications to the frequency and timing of the auctions. This is a very similar schedule to Delaware and works well for the District.

- 4. Should the SOS procurement process be combined with other PJM states? If so, why, and what would be the timing and frequency of the auction?**

No. Pepco does not believe there should be a combining of procurements with other PJM states. This presents practical and administrative limitations given the Commission guides the SOS auction process and each state has different RPS requirements. All participating states would then have to agree with other state Commissions, or appropriate regulatory bodies, for approval of the SOS process and approval of the results of the auctions.

CERTIFICATE OF SERVICE

I hereby certify a copy of Potomac Electric Power Company's Initial Comments was served this February 5, 2026 on all parties in Formal Case No. 1017 by electronic mail.

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