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People's Counsel

February 5, 2026

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. 1017, In the Matter of the Development and Designation of
Standard Offer Service in the District of Columbia**

Dear Ms. Westbrook-Sedgwick:

Enclosed for filing in the above-referenced proceeding please find the *Office of the People's Counsel for the District of Columbia's Initial Comments Regarding the Biennial Review of the Standard Offer Service*.

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

Sincerely,

/s/ Ade Adeniyi
Ade Adeniyi
Assistant People's Counsel

Enclosure

cc: 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
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**OFFICE OF THE PEOPLE’S COUNSEL FOR THE DISTRICT OF COLUMBIA’S
INITIAL COMMENTS REGARDING THE BIENNIAL REVIEW OF THE
STANDARD OFFER SERVICE**

I. INTRODUCTION

The Office of the People’s Counsel (“OPC” or “Office”), the statutory representative of District of Columbia utility ratepayers,¹ respectfully submits these Initial Comments in response to the Public Service Commission of the District of Columbia’s (“PSC” or “Commission”) December 23, 2025 notice regarding the 2025 Biennial Review of Standard Offer Service (“SOS”) in the District.

SOS-related costs represent the bulk of electricity expense for an electric customer who does not select an alternative provider but rather obtains their electric supply from the Potomac Electric Power Company (“Pepco”) pursuant to the terms of the SOS. Therefore, continued improvement in the PSC’s oversight and Pepco’s administration of the SOS will ensure that ratepayers are treated fairly.

Affordability Must Be Considered in the SOS Process

Affordability concerns in the District may warrant changes to the SOS, therefore, OPC recommends that prior to ordering changes, the Commission: (A) direct Pepco to provide—by rate

¹ D.C. Code § 34-804 (Lexis 2020).

class—a baseline of key drivers of each component of SOS supply costs, evaluate volatility drivers and identify risk allocation; and (B) direct Pepco to evaluate by rate class, the cost impact of proposed modifications to SOS procurement contracts, frequency, and timing.

II. COMMENTS

A. **The PSC should direct Pepco to provide—by rate class—a baseline of key drivers of each component of SOS supply costs, evaluate volatility drivers, and identify risk allocation.**

According to the PSC, the affordability of electricity supply and lower or stabilized SOS prices are of particular concern to the Commission in this Biennial Review. Therefore, before the Commission adopts any procurement redesign, Pepco should be directed to (i) provide, at minimum, a transparent baseline that identifies current key drivers of costs including the administrative charge, volatility, and risk allocation including credit and default risk, and (ii) evaluate changes to these drivers and risk allocation under proposed procurement redesign.

This type of baseline would support a framework for the disciplined evaluation of whether unbundling capacity, Renewable Energy Credits (RECs), and/or energy and ancillary services will improve affordability after added complexity. It will also create a consistent framework for the PSC and stakeholders to compare procurement redesign options, rather than relying on general assertions that unbundling “could” reduce costs. It is essential for stakeholders to have this opportunity to evaluate potential changes and for the PSC to determine whether a change is just and reasonable for District ratepayers.

Separate Procurement for Capacity, RECs, and Energy and Ancillary Services

OPC recommends that to evaluate the affordability benefits of separate procurement of capacity and/or reduction of SOS capacity obligation, the PSC should direct Pepco to analyze options to reduce capacity obligation parallel to any separate capacity procurement proposal,

including expected magnitude, feasibility, implementation timeline, and ratepayer impacts assessed by rate class.

OPC recommends that to evaluate the affordability benefits of separate procurement of RECs to meet the District’s Renewable Energy Portfolio Standard (“RPS”), the PSC should direct Pepco to address aligning REC procurement and the Long-Term Renewable Energy Power Purchase Agreement of the SOS. Pepco should also provide a transparent “RPS compliance stack” that distinguishes between the portions satisfied by Renewable PPAs versus RECs and how those decisions affect affordability.

OPC cautions that unbundling energy and ancillary services may increase operational and administrative complexity and create new credit exposures. Therefore, OPC recommends that in evaluating the affordability benefit of separate procurement of energy and ancillary services, the PSC direct Pepco to propose a transparent analytical framework to demonstrate—by rate class—that such separate procurement would produce net financial benefits for SOS customers. The net financial benefit to SOS customers must be assessed only after accounting for any incremental administrative and transactions costs; changes in risk premiums and credit/collateral costs; and any other associated costs.

B. The PSC should direct Pepco to evaluate—by rate class—the cost impact of proposed modifications to SOS procurement contracts, frequency, and timing.

The Commission inquires whether there should be modifications to the length and/or the procurement structure of 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. The PSC also seeks to assess whether there should be modifications to separation of rate classes, as Pepco currently procures separate electricity contracts for the Residential, Small Commercial, and Large Commercial rate classes. The Commission notes that Pepco schedules

SOS auctions on an annual basis with two bid days, one in December and one in January, and seeks comments on whether there should be any modification to the frequency and timing of these auctions. The PSC inquires whether DC's SOS procurement process should be combined with those of other PJM states.

To evaluate the affordability benefits of (1) modified SOS contract lengths or procurement structure; (2) combined SOS procurement for the Residential, Small Commercial, and Large Commercial rate classes; (3) modified frequency and timing of SOS auctions; and (4) combined SOS procurement with any state(s) in PJM, OPC recommends that the PSC should direct Pepco to propose a framework for comparing the cost impacts of each modification with the current cost within each rate class.

If, after stakeholder evaluation of the affordability impacts of combining DC's SOS procurement with any state(s) in PJM, the PSC determines that such combination is just and reasonable, then, prior to combining DC's procurement process with such entities, Pepco must disclose any beneficial relationship it has with other entities in the PJM states and any financial benefit it expects or receives from such combined procurement processes.

OPC recommends that prior to adopting any modification, the Commission should determine that all financial benefits resulting from any modifications to the SOS process are for the sole benefit of the ratepayer, regardless of Pepco's disclosure of the benefits.

III. CONCLUSION

WHEREFORE, for the foregoing reasons, OPC respectfully requests the Commission consider these comments and adopt the recommendations herein.

Respectfully Submitted,

/s/ Sandra Mattavous-Frye

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Date: February 5, 2026

CERTIFICATE OF SERVICE

Formal Case 1017, In the Matter of the Development and Designation of Standard Offer Service in the District of Columbia

I hereby certify that on February 5, 2026, a copy of the *Office of the People's Counsel for the District of Columbia's Initial Comments Regarding the Biennial Review of the Standard Offer Service* was served on the following parties of record by hand delivery, electronic mail, or first-class mail, postage prepaid:

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