

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

ORDER

November 18, 2020

**FORMAL CASE NO. 1142, IN THE MATTER OF THE MERGER OF ALTAGAS LTD.
AND WGL HOLDINGS, INC.,**

and

**FORMAL CASE NO. 1167, IN THE MATTER OF THE IMPLEMENTATION OF THE
CLIMATE BUSINESS PLAN, Order No. 20662**

I. INTRODUCTION

1. By this Order, the Public Service Commission of the District of Columbia (“Commission”) reviews the Climate Business Plan¹ filed by AltaGas, Ltd. (“AltaGas”) pursuant to Term No. 79 of the Settlement Agreement² in *Formal Case No. 1142*. Based on this review, the Commission opens a new proceeding to commence a climate policy proceeding to consider whether and to what extent utility or energy companies under our purview are meeting and advancing the District of Columbia to achieve its energy and climate goals and then take action, where necessary, to guide the companies in the right direction. Any new proposals to implement the District of Columbia’s climate goals filed by the Commission’s regulated utility or energy companies for Commission approval, that are not required to be filed in other existing Commission proceedings, shall be filed in this proceeding.

II. BACKGROUND

2. On April 25, 2017, the Commission opened this proceeding to review the merger Application³ filed by AltaGas, WGL Holdings, Inc., and Washington Gas Light Company (“WGL”) (collectively, “Joint Applicants”) pursuant to D.C. Code §§ 34-504 and 34-1001.⁴ After the filing of testimony and an evidentiary hearing held from December 5-13, 2017, the Joint Applicants, on May 8, 2018, filed a Consent Motion, including the Unanimous Agreement of Stipulation and Full Settlement (“Settlement Agreement”), with the consent of the Settling Parties: the Office of the People’s Counsel for the District of Columbia (“OPC”); the Apartment and Office

¹ *Formal Case No. 1142, In the Matter of the Merger of AltaGas Ltd. and WGL Holdings, Inc.* (“*Formal Case No. 1142*”), Natural Gas and its Contribution to a Low Carbon Future, Climate Business Plan for Washington, D.C., (“Climate Business Plan” or “Term No. 79 Plan”), filed March 16, 2020.

² *Formal Case No. 1142*, Consent Motion at 2, n. 1, filed, May 8, 2018.

³ *Formal Case No. 1142*, Application of AltaGas Ltd., WGL Holdings, Inc., and Washington Gas Light Company (“Joint Application”), filed April 24, 2017.

⁴ *Formal Case No. 1142*, Public Notice, rel. April 25, 2017.

Building Association of Metropolitan Washington (“AOBA”); the District of Columbia Government (“DCG”); the Department of Defense/Other Federal Executive Agencies; the National Consumer Law Center/National Housing Trust/National Housing Trust-Enterprise Preservation Corporation; the Baltimore-Washington Construction & Public Employees Laborers’ District Council (“LiUNA”); and the Office and Professional Employees International Union Local 2, AFL-CIO. The Settling Parties indicated that the other two parties in this proceeding, the International Brotherhood of Teamsters Local Union No. 96 and Potomac Electric Power Company, did not sign the Settlement Agreement but stated that they did not oppose it.⁵

3. In Order No. 19396,⁶ the Commission approved the Settlement Agreement with conditions, which the Joint Applicants accepted. The Merger closed on July 6, 2018.⁷

4. On March 16, 2020, AltaGas and WGL filed the Climate Business Plan pursuant to Term No. 79 of the Settlement Agreement. As an attachment, the Climate Business Plan included a study to assess the development of renewable (bio) gas facilities in the Greater Washington, D.C. metropolitan area pursuant to Term No. 6 of the Settlement Agreement (“Term No. 6 Study”).⁸

5. In response to the Climate Business Plan filing, several comments were filed. On June 15, 2020, Sierra Club filed Comments and a Request to Institute an Evidentiary Proceeding.⁹ Two individuals filed comments on June 22, 2020.¹⁰ Six members of the District of Columbia Council, OPC, AOBA, DCG, the Environmental Defense Fund (“EDF”), LiUNA, Sierra Club on behalf of two groups of District of Columbia residents, and 26 District of Columbia Organizations

⁵ *Formal Case No. 1142*, Consent Motion at 2, n. 1, filed, May 8, 2018.

⁶ *Formal Case No. 1142*, Order No. 19396, rel. June 29, 2018.

⁷ *Formal Case No. 1142*, Letter to Brinda Westbrook-Sedgwick, Commission Secretary, from Moxila A. Upadhyaya, Counsel for AltaGas Ltd., filed July 9, 2018.

⁸ *Formal Case No. 1142*, Natural Gas and its Contribution to a Low Carbon Future, Climate Business Plan for Washington, D.C., (“Climate Business Plan” or “Term No. 79 Plan”), filed March 16, 2020.

⁹ *Formal Case No. 1142*, Comments and Request to Institute an Evidentiary Proceeding of Sierra Club, filed June 15, 2020.

¹⁰ *Formal Case No. 1142*, Comments of Jacqueline Kosloski, filed June 22, 2020; Comments of Jim Schulman, Architect, filed June 22, 2020.

(“DC Organizations”) filed comments on June 26, 2020.¹¹ Reply comments were filed by AltaGas, OPC, AOBA, DCG, EDF, and Sierra Club on September 25, 2020.¹²

III. DISCUSSION

6. The District of Columbia has adopted bold climate change commitments, first committing to reduce greenhouse gas emissions at least 50% by 2032 (below 2006 levels) through increasing renewable energy sources and decreasing consumption. In December 2017, Mayor Muriel Bowser announced a commitment to achieve carbon neutrality by 2050 and honor the 1.5-degree objective of the Paris Climate Accord.¹³ In August 2018, DCG issued the Clean Energy DC Plan, which outlines strategies for the energy sector to obtain the 2032 and 2050 goals.¹⁴ The Clean Energy DC Plan seeks to make the “energy system more sustainable, resilient, and equitable.”¹⁵ DCG also issued its Sustainable DC 2.0 Plan, encompassing a discussion of the environmental, social, and economic needs of the District of Columbia, in 2018.¹⁶

7. Also in 2018, the DC Council unanimously passed the CleanEnergy DC Omnibus Amendment Act. The law changed the Commission’s mandate to require that Commission uphold “the conservation of natural resources, and the preservation of environmental quality, including effects on global climate change and the District’s public climate commitments.”¹⁷ In its

¹¹ *Formal Case No. 1142*, Comments of Councilmembers Brianne K. Nadeau, Mary M. Cheh, Charles Allen, Vincent C. Gray, Robert C. White, Jr., and David Grasso, filed June 26, 2020; Office of the People’s Counsel for the District of Columbia’s Initial Comments on AltaGas Ltd.’s Filing Regarding Merger Terms Nos. 6 and 79, filed June 26, 2020; Comments of the Apartment and Office Building Association of Metropolitan Washington, filed June 26, 2020; Comments by the Department of Energy and Environment on behalf of the District of Columbia Government Concerning AltaGas Ltd.’s Climate Business Plan, filed June 26, 2020; Comments of Environmental Defense Fund on AltaGas And WGL’s Climate Business Plan, supplemented by Corrected Comments, both filed June 26, 2020; Comments of the Baltimore Washington Construction and Public Employees Laborers’ District Council, filed June 26, 2020; 65 Comments Provided by Sierra Club (“65 Comments”), filed June 26, 2020; 78 Comments Provided by Sierra Club, filed June 26, 2020; District of Columbia Organizations Comments, filed June 26, 2020.

¹² *Formal Case No. 1142*, AltaGas, Ltd. Reply Comments, filed September 25, 2020; The Office of the People’s Counsel for the District of Columbia’s Reply Comments on AltaGas Ltd.’s Filing Regarding Merger Term Nos. 6 And 79, filed September 25, 2020; Reply Comments of the Apartment and Office Building Association of Metropolitan Washington, filed September 25, 2020; Department of Energy and Environment’s Reply Comments on AltaGas Ltd.’s Filing Regarding Merger Commitment Nos. 79 and 6, filed September 25, 2020; On Reply Comments of Environmental Defense Fund on AltaGas And WGL’s Climate Business Plan, filed September 25, 2020; Reply Comments of Sierra Club, filed September 25, 2020.

¹³ Office of the Mayor of DC, Press Release: Mayor Bowser Commits to Make Washington, DC Carbon-Neutral and Climate Resilient by 2050 (Dec. 4, 2017).

¹⁴ Clean Energy DC, The District of Columbia Climate and Energy Action Plan, at Executive Summary page v, rel. Aug. 2018,

¹⁵ Clean Energy DC One Pager, August 2018.

¹⁶ Sustainable DC 2.0 Plan, 2018.

¹⁷ D.C. Code § 34-808.02 (2020 Supp.).

proceedings, the Commission must now consider, *inter alia*, how utility programs and proposals will effectuate the District of Columbia's climate change commitments.

8. Term No. 79 of the Settlement Agreement reads:

By January 1, 2020, AltaGas will file with the Commission a long-term business plan on how it can evolve its business model to support and serve the District's 2050 climate goals (e.g., providing innovative and new services and products instead of relying only on selling natural gas). After the business plan is filed, AltaGas will hold bi-annual public meetings to report on and discuss its progress on the business plan.

9. Term No. 6 reads:¹⁸

AltaGas will provide \$450,000 to fund a study to assess the development of renewable (bio) gas facilities in the Greater Washington, D.C. metropolitan area. The study will assess the potential environmental benefits of repurposing locally sourced waste streams into pipeline quality renewable gas, compressed natural gas and/or liquefied natural gas that can be used for carbon neutral vehicle fueling and onsite energy production. The study will evaluate the economic viability, identify operating challenges and solutions, and offer recommendations relating to regulatory and market approaches that can facilitate the utilization of renewable sources to support the achievement of local, state, and regional climate and energy plans. This study will be a single study funded by AltaGas with respect to all of the Washington Gas service territories and will be commenced within one year after Merger Close. Neither AltaGas nor any AltaGas affiliate will perform the study. The costs of this study shall not be recovered through Washington Gas's utility rates.

10. The Climate Business Plan and the Term No. 6 Report included in the Climate Business Plan were developed pursuant to negotiated terms of the Settlement Agreement. Unlike other terms in the Settlement Agreement, the language in these terms does not include mandates that the Commission approve the Climate Business Plan or the Term No. 6 Report. The Commission cannot add language requiring approval of these documents into these negotiated terms. Thus, the Commission does not approve or reject either the Climate Business Plan or the Term No. 6 Report; they were filed in compliance with the Settlement Agreement.

11. However, neither Term No. 6 nor Term No. 79 prevent the Commission from acting on promoting the District's climate goals. The Clean Energy Act establishes a requirement that the Commission consider the effects on global climate change and the District's public climate commitments in its supervision and regulation of utility or energy companies.¹⁹ Thus, the

¹⁸ The Term No. 6 Study was filed as part of the Climate Business Plan.

¹⁹ D.C. Code § 34-808.02 (2019). Although the Clean Energy Act did not establish a deadline for addressing the directives, the Commission 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*.

Commission is commencing a climate policy proceeding to consider whether and to what extent utility or energy companies under our purview are helping the District of Columbia achieve its energy and climate goals and then take action, where necessary, to guide the companies in the right direction. This new proceeding could include the development of a comprehensive plan for how utility or energy companies can help the District achieve its 2032/2050 goals and satisfy the directives of the Clean Energy Act.

12. To the extent that the regulated utilities seek approval of new proposals that would assist the District in meeting and advancing its climate goals that are not required to be filed in other existing Commission proceedings, these proposals are to be filed in this proceeding. Any new proposal shall contain, at a minimum, the following information: a detailed description of the proposal; an explanation of how the proposal would accomplish and advance the District of Columbia's climate change goals; and a rigorous cost-benefit analysis (using the Commission approved methodology)²⁰ along with detailed descriptions of costs and a proposed recovery methodology. The proposal must also describe how it meets the metrics that will be developed in GD-2019-04-M and if applicable, *Formal Case No. 1160*.²¹ The Commission will then investigate the proposal, permit comments, and if warranted, hearings, to evaluate and make a determination on the proposal. To facilitate review of any proposals, the Commission moves the Climate Business Plan and the comments and reply comments that it received on the Climate Business Plan in *Formal Case No. 1142* into the new proceeding, since these comments present extensive information that may be beneficial to the Commission in its review of these new proposals.

THEREFORE, IT IS ORDERED THAT:

13. The Commission opens *Formal Case No. 1167* to consider whether and to what extent utility or energy companies under the Commission's purview are meeting and advancing the District of Columbia to achieve its energy and climate goals; and

14. Any new proposals to implement the District of Columbia's climate goals filed by the Commission's regulated utility or energy companies for Commission approval that are not required to be filed in other existing Commission proceedings shall be filed in this proceeding.

A TRUE COPY:

BY DIRECTION OF THE COMMISSION:



CHIEF CLERK:

**BRINDA WESTBROOK-SEDGWICK
COMMISSION SECRETARY**

²⁰ *Formal Case No. 1160, In the Matter of the Development of the Metrics for Electric Company and Gas Company Energy Efficiency and Demand Response Programs Pursuant to Section 201(B) of the Clean Energy DC Omnibus Amendment Act of 2018*, Order No. 20654 Issued on October 30, 2020. This methodology may be further refined in GD-2019-04-M.

²¹ The performance metrics in *Formal Case No. 1160* are limited to energy efficiency and demand response ("EEDR") programs, so the use of the metrics developed in *Formal Case No. 1160* will be limited to EEDR proposals.