



## **FORMAL CASE NO. 1130, IN THE MATTER OF THE INVESTIGATION INTO MODERNIZING THE ENERGY DELIVERY SYSTEM FOR INCREASED SUSTAINABILITY**

### **SIXTH RATE DESIGN WORKING GROUP MEETING MINUTES**

#### **Meeting Commencement**

By Order No. 20286,<sup>1</sup> the Commission directed the Rate Design Working Group (“RDWG”) to reconvene to review a holistic evaluation and assessment of current rate designs in the District of Columbia and other jurisdictions in order to propose best practice rate design solutions including a new residential Dynamic Pricing program. By Order No. 20609 in *Formal Case No. 1155*, the Commission also assigned the RDWG to review implementation of Pepco’s Residential Whole-House EV Time-of-Use Rate (Schedule “R-PIV”), explore improvements to Pepco’s TOU tariff methodology, and directed Pepco to file a progress report on behalf of the RDWG within six (6) months of the date of Order No. 20609. The Order also directed the RDWG to investigate the impacts of implementing higher on- and off-peak ratios based on DC-specific data and explore input/data issues raised by DOEE in its comments regarding Schedule “R-PIV”.<sup>2</sup> The RDWG commenced its fifth working group meeting via conference call, on March 25th, 2021, from 10am to 12:30pm to discuss the Commission’s directives.

#### **Attendees**

Sign-in Sheet (see Attachment No. 1)

#### **Issues Discussed**

Agenda (see Attachment No. 2)

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<sup>1</sup> *Formal Case No. 1130, In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability*, Order No. 20286, ¶ 54, rel. January 24, 2020.

<sup>2</sup> *Formal Case No. 1155, In the Matter of the Application of the Potomac Electric Power Company for Approval of its Transportation Electrification Program*, Order No. 20609, ¶ 16, rel. August 14, 2020.

## **Synopsis of Issues Discussed**

- **Pepco's System Load Average:** Pepco discussed their preliminary load charts for the Pepco DC system, R, and RAD. There isn't any hourly data currently available for senior citizens and disabled residents. The energy curves are consistent between the groups. Staff stated that it needs time to review the data Pepco shared with the group the day before the meeting. OPC asked if this is total load for the RAD class or is it by customer. Pepco stated that it's a sum of all hourly usage data for the entire class. OPC asked for customer counts. Pepco stated that they could pull that data if it is desired. Staff noted it would like average consumption for the senior citizens and disabled class, to see how it compares to R and RAD.
- **Staff's Survey Matrix:** The group continued discussion of the matrix from the previous meeting. Staff asked Pepco if we can label certain participants, such as DLC or NEM customers, for data analysis. Pepco stated that generally these customers can be identified. DOEE asked for a definition of Individual Metered Accounts (IMA.); it is a part of the R class. DOEE stated its support for including IMA. DCCA asked the months for each season. Summer is 5 months; Winter is 7 months. DCCA asked whether the curve would look much different if the group only looked at the coldest winter months and hottest summer months, i.e. exclude the shoulder months. Pepco noted that the data format is hourly by day so they could present data by month. DCCA believes that data would be helpful to see when summer and winter peaks are not diluted by the shoulder months. GRID2.0 asks about the move from MW to MWH. Pepco will research and confirm. OPC asks how the curves have shifted during the pandemic. Pepco stated the data is from 2017 through 2020.
- Pepco detailed the treatment and control group size. Staff asked whether the sample sizes are correct. Pepco stated that they were. Staff asked about the MD pilot group. Pepco noted that there are only two groups – overall customers and low to moderate income customers. NEM was allowed to enroll but not treated as a separate group. Staff mentioned labeling subgroups is important to potentially make conclusions based on enrollment and data. DCCA stated that the pilot design should depend on what is being tested and determined. Staff asked about DOEE's suggestion of an independent evaluator who would recommend treatment size and whether the group would want to hire the evaluator before the pilot started. DOEE believes Pepco would use their consultant, Brattle, to make that recommendation. OPC questioned if an independent evaluator would mean that Brattle would not be used, and another one would be hired. OPC's concern was using ratepayer money on another evaluator when Brattle has already been hired. Pepco concurred about using Brattle. DCCA reiterated that the pilot serving the intended purpose would establish the parameters, and that Brattle would be fine to make that recommendation.
- OPC mentioned the need to learn if customers shifting load contributes to lowering the peak load. DCCA believes the peak/off-peak ratios should depend on behavioral impacts on customers which suggest a higher ratio. It isn't helpful to have ratios similar to other

jurisdictions with TOU pilots. Pepco stated that cost-based rates does not preclude high peak/off-peak ratios. Pepco believes the purpose of the pilot is to help roll out a cost-based TOU rate to a large group of customers. The approach being applied to Distribution and Transmission would have appropriate ratios under a cost-based approach. If a ratio that is much higher than cost-based ones is selected, the pilot may not be helpful in terms of expanding to full scale. DCCA stated that if it is a concern that load shifting may be so effective it impacts Pepco's procurement for off-peak hours (and capacity charges), then that needs to be addressed. DCCA asked whether there is a downside to too much load shifting. Brattle stated that it isn't about the financial aspect, but the economic efficiency signal. Cost-based rates would lead to optimal prices and would produce the most economically efficient outcome. There could be too much price response. Pepco added that from a revenue requirement perspective, there are socialization issues that arise. DCCA mentioned the fight over capacity charges in ComEd (a fellow Exelon utility), where resulting litigation favored the customers.

- DCCA requested Pepco and Brattle to discuss whether overall capacity will be affected by a flattened summer peak, and the potential downsides, in a separate discussion. Pepco stated that generation and capacity are a pass-through for Pepco, as they are decoupled. DC already has the DSP and NWA process to address future capacity and load adequacy. DCCA agreed that the long-term outlook is important to consider in this setting, however, the group needs to listen to the nonutility perspective from all stakeholders. Staff noted that the initial jurisdictional survey, ComEd was an with distribution TOU example that was repeatedly brought up, which is important to consider for the long-term. There are several TOU rate structures in decoupled MidAtlantic jurisdictions. Brattle mentioned a trade-off of higher ratio leading to some customers shifting load while other customers are unwilling to participate. DCCA thinks the group should look into the jurisdictions that have high ratios and states that DC should be bold with their pilot. Staff noted that MidAtlantic jurisdictions did include distribution and transmission in their TOU rates. Oracle stated, for the variation in the peak/off-peak ratio, the larger the ratio the more important customer education and outreach becomes. Oracle discussed their rate coaching from last meeting's presentation, which leads to better understanding, effective load shifting, and protection from higher bills.
- DOEE added that it generally supports pilots that will lead to higher customer response but stated that there are other levers to pull to elicit response besides the peak/off-peak ratio, such as enabling devices like smart thermostats and behavioral techniques. The customer experience needs to be considered, both in enrollment and experience on the pilot rate. Staff wondered if MD adopted any enabling devices. Brattle stated that enabling devices were not part of the pilot. DOEE noted that Pepco filed its Annual DLC report, where it mentioned bring your own smart thermostat; DOEE added it would be interested in including this initiative in the pilot. OPC noted that the DC SEU has a rebate program for those devices and does not support Pepco spending funds on duplicating that effort and

providing smart thermostats with ratepayer money. OPC stated the group needs to focus on what the pilot is testing instead of adding too many items. OPC agreed with Oracle's view of customer education. Pepco will add a customer survey question for whether the customer has a smart thermostat. OPC stated that it is important to use the pilot to maximize information given to the customer, including additional programs that the customer can take advantage of. DCCA agreed on synergies especially with DC SEU. DOEE stated that there is overlap in this group as with the *Formal Case No. 1160* working group. DOEE noted the responses are larger when customers have smart thermostats and mentioned the Ecobee program that optimizes load shifting based on TOU rates.

- Regarding the \$25 payment for survey completion, Brattle stated that BGE issued that as a bill credit to customers. Delmarva issued a gift card to customers. OPC prefers a bill credit. Pepco reiterated their concern that adding numerous treatment groups could result in treatment populations that are too small to yield statistically significant results. DCCA stated that the group hasn't decided on what we want to test, and the group should not rule out anything before deciding that. Should we fully deploy a TOU program and simultaneously have a pilot to test it might be improved or run the pilot first and then fully deploy the TOU scheme. OPC believed tracking or flagging other groups may be beneficial. Pepco noted that some of the data will be collected through the customer survey, and the group should not make that survey too lengthy. DCCA asked if Delaware and New Jersey would be able to update our group about their program status. Pepco is concerned about the cost of parallel billing and it may not be extended in a full rollout. OPC asked if this could be provided on Connect My Data. Pepco responded that it needs to look into this, as an online calculator may be a more cost-effective solution. Pepco stated it is planning to provide a historical bill comparison as part of initial recruitment mailers to help encourage enrollment. OPC believed an ongoing comparison is more useful. The MD pilot did not have parallel billing but did provide the historical comparison at the time of recruitment. DCCA mentioned the successful decade-old real time pricing offered by ComEd and Ameren in Illinois, which has shadow billing. OPC wanted the group to pay attention to the intent of the shadow bill, the cost, and applicability to widescale deployment.
- **Working Group Report:** Staff stated that the Commission order did not specify deadlines for the report. The report will be outlined into 3 sections: dynamic pricing, TOU pilot, Plug-in Vehicles. Staff recommended dynamic pricing and PIV sections be headed by Pepco. Staff tasked DOEE to lead the TOU Pilot section and Staff will closely work with DOEE on this. OPC asked about integrating comments in one document and was concerned some comments may be lost between sections. OPC suggested it would be better to combine the sections into one document before sending to the entire group. DCCA believed we should have the Commission establish a format for the report. Staff stated it will create a table of contents for each section. AOBA agreed with OPC's recommendation. DC CUB

asked whether disagreements from the recommendation will be included in the report. Will the Commission issue a rulemaking with an additional comment period, or will they move straight to an Order? Staff noted that they do not know what the Commissioners will do after reviewing the report. The non-consensus comments will be included in the report or there will be a comment period after issuance of the report. The survey responses will be included in the report as an appendix. AOBA requested that in areas of disagreement the report should identify these to the Commission. DCCA stated its preference to include them in the report. Staff stated it will decide before next meeting. The group discussed timelines and previous Commission Orders.

- **Meeting Action Items**

- Pepco to provide customer counts and average consumption for the senior citizens and disabled class, if available, to see how it compares to R and RAD.
- Pepco to provide load curve data by month.
- Pepco to provide data on the move from MW to MWH.
- Staff to consider inviting NJ and DE Commission staff (or other Mid-Atlantic state staff) to update our group about their TOU programs, and the impact of their higher peak to off-peak ratios.
- Staff will provide TOCs for each section of the report.

**Next Steps (Revised)**

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| ● Draft Minutes Circulated to Participants: | Monday, April 5, 2021    |
| ● Comments from Participants to PSC Staff:  | Wednesday, April 7, 2021 |
| ● Report Filed with Commission:             | Friday, April 12, 2021   |

**Rate Design Working Group (RDWG)**

**March 25, 2021**

**ATTENDANCE**

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**Power Path DC – Rate Design Working  
Group**

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**Virtual RDWG Meeting  
March 25, 2021  
10:00 am – 12:30 pm**

**AGENDA**

**I. WG Members - Identification**

**II. Discussion**

- Continue discussion of responses to Staff's survey/matrix on TOU-pilot for D.C.
- Working Group report preparation and deadlines

**III. Next Steps**

**A. Working Group Minutes**

**Draft Circulated to Participants:**

**March 30, 2021**

**Comments from Participants to PSC Staff:**

**April 2, 2021**

**Minutes filed with Commission:**

**April 6, 2021**

**B. Next Meeting**

**(TBD)**

**ADJOURNMENT**