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February 1, 2018

Ms. 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. 1130

Dear Ms. Westbrook-Sedgwick:

Enclosed please find Potomac Electric Power Company's Reply Comments on the Notices of Proposed Rulemaking in MEDSIS in the referenced proceeding.

Please contact me if you have any further questions.

Sincerely,

A handwritten signature in blue ink that reads "Andrea H. Harper".

Andrea H. Harper

Enclosure

cc: All Parties of Record

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

IN THE MATTER OF)	
)	Formal Case No. 1130
THE INVESTIGATION IN)	
MODERNIZING THE ENERGY)	
DELIVERY SYSTEM FOR INCREASED)	
SUSTAINABILITY)	

**REPLY COMMENTS OF POTOMAC ELECTRIC POWER COMPANY ON THE
NOTICES OF PROPOSED RULEMAKING IN MEDSIS**

Pursuant to the timeline for comments adopted by the Public Service Commission of the District of Columbia (the “Commission”) and published in the D.C. Register on November 3, 2017, Potomac Electric Power Company (“Pepco” or the “Company”) files its reply comments (“Reply Comments”) on the in the Notices of Proposed Rulemaking issued in the modernizing the energy delivery system for increased sustainability (“MEDSIS”) proceeding (“MEDSIS NOPRs”). On January 2, 2018 in addition to Pepco (“Pepco NOPR Comments”), Sunrun submitted comments regarding amendments to various definitions (“Sunrun Definition Comments”) as well as comments regarding construction of electric generating facilities, the Office of the People’s Counsel for the District of Columbia stated that they had no comments on either of the MEDSIS NOPRs, and WGL Energy filed comments on the MEDSIS NOPRs. On January 3, 2018, Oracle filed comments out of time on the definition of demand response, and on January 5, 2018, DC Climate Action filed comments out of time regarding the MEDSIS NOPRs. Pepco provides its response herein (“Reply NOPR Comments”).

I. THE COMMISSION SHOULD USE PEPCO'S DEFINITION OF ENERGY STORAGE

The MEDSIS NOPRs provided the following definition:

“Electric storage” – A resource capable of absorbing electric energy, storing it for a period of time and thereafter dispatching the energy regardless of where the resource is located on the electric distribution system. These resources include all types of electric storage technologies, regardless of their size, storage medium (e.g., batteries, flywheels, electric vehicles, compressed air), or operational purpose.

The revised definition in the MEDSIS NOPRs (above) specifically removed references to the grid. In Pepco NOPR Comments, Pepco changed “Electric storage” to “Energy Storage” and added a sentence explicitly stating that storage is not generation and that the utility may own storage. The Sunrun Definition Comments use a definition of electric storage from a different proceeding that includes the references to the grid and then suggest adding a reference to “behind-the-meter generator.”¹ By removing references to the grid, the definition in the MEDSIS NOPRs already provided the flexibility necessary to allow for behind-the-meter storage, allowing the definition to apply both to absorption of energy/dispatch of energy from/to the grid as well as behind the meter. The Commission should use Pepco’s definition as it accomplishes the purpose of the changes in the Sunrun Definition Comments without significant changes to the definition in the MEDSIS NOPRs, and it makes important clarifications to the definition of storage, including its necessary expansion beyond electric storage to energy storage.

¹ In that same proceeding, Pepco conformed the definition of energy storage to the definition herein. If the Commission accepts Pepco’s edits in both proceedings, the definitions will be the same and will be appropriately expanded.

II. STORAGE PARTICIPATING IN PJM MUST BE ABLE TO BE ASSESSED FOR SAFETY AND RELIABILITY IMPACTS ON THE DISTRIBUTION SYSTEM

The Sunrun Definition Comments state that “a demand response solution may be installed on the customer’s side of the meter for the sole purpose of providing services to the grid, not necessarily for the specific customer’s energy needs.”² This statement suggests that behind-the-meter energy storage would be providing services solely for PJM. If storage is behind the meter, it is part of the NEM process and should not be participating in PJM.

Pepco supports in-front-of-the-meter energy storage participation in PJM. However, Pepco has an obligation to ensure the safe and reliable operation of its distribution system. Energy storage systems that are being used as a Demand Response Resource should continue to be required to submit an application to Pepco or PJM and be evaluated by Pepco for any potential impacts to the distribution system. Energy storage in front of the meter that is directly connected to and running in parallel with the electric distribution system may be selling into the PJM regulation market and potentially into the capacity or energy markets and will likely have greater impacts on the electric distribution system since the energy is not being used to offset any individual customer. By ensuring that Pepco has notice of the storage facility on its system, the energy storage facility can be thoroughly reviewed by Pepco to identify any special operating conditions that may be needed to safely and reliably operate the storage system in conjunction with the electric system.³

The addition of storage to the Photovoltaic (“PV”) system adds a level of complication to the Solar Renewable Energy Credit (“SREC”) program. With the addition of storage, it is possible that energy taken from the grid and stored in the storage device could be incorrectly

² Sunrun Definition Comments at 7.

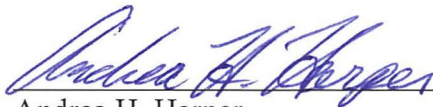
³ If the energy storage device has its own inverter, as opposed to sharing an inverter with the PV system, each of the PV system and energy storage system should be required to be evaluated separately through separate interconnection applications.

delivered back to the grid and result in additional SREC creation. In some cases, the shared inverters are designed only to export power, thereby limiting charging of the storage device only to power produced by the PV system. That technology, by its nature, prevents the creation of false SRECs. Not all shared inverters are designed in this manner, however, and false SRECs are possible. The Commission will need to consider what regulatory changes are necessary to protect the integrity of the SREC program or require specific metering requirements in these combined installations to ensure that only energy produced by the PV system is being used for the creation of SRECs.

III. CONCLUSION

Pepco appreciates this opportunity to submit these Reply Comments on comments to the MEDSIS NOPRs and looks forward to continuing to work with the Commission and other stakeholders to achieve the goals of the MEDSIS proceeding.

Respectfully submitted,
POTOMAC ELECTRIC POWER COMPANY

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Counsel for Potomac Electric Power Company

February 1, 2018

CERTIFICATE OF SERVICE

I hereby certify that a copy of Potomac Electric Power Company's Reply Comments on the Notices of Proposed Rulemaking in MEDSIS was served this February 1, 2018 on all parties in Formal Case No. 1130 by electronic mail.

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