November 14, 2023

The Honorable Phil Mendelson
Chairman
Council of the District of Columbia
1350 Pennsylvania Avenue NW, Suite 504
Washington, DC 20004

RE: Annual Report of the Sustainable Energy Utility Advisory Board

Dear Chairman Mendelson:

Pursuant to Section 204(g) of the Clean and Affordable Energy Act of 2008 (CAEA), D.C. Law 17-250, I hereby transmit the Sustainable Energy Utility Advisory Board's (Board) Annual Report (Report) on behalf of the Board. This Report provides the Board's assessment of the DC Sustainable Energy Utility's (DCSEU) performance in Fiscal Year 2022 and offers recommendations to the Department of Energy & Environment (DOEE) and the Council of the District of Columbia (Council). This Report was approved by the Board. It is the Board's understanding that DOEE will make this Report available to the public on its website within 10 days of its submission to the Council, as required by the CAEA.

Unlike years past, the Board did not have an Evaluation, Measurement, & Verification (EM&V) report for FY22 to verify the attainment or non-attainment of the DCSEU's performance benchmarks. This report is based on tracking information provided by the DCSEU. The Board will include the FY22 EM&V findings in the Board's FY23 report.

Please feel free to contact me at the telephone number or e-mail address below, or Jennifer Johnston at Jennifer.Johnston@dc.gov or (202) 440-1298, if you have any questions regarding this report.

Sincerely,

Bicky Corman
Chair, SEU Advisory Board
(202) 213-1672
bcorman@bickycormanlaw.com

Enclosure
cc: Nyasha Smith, Secretary of the Council
Councilmember Charles Allen, Chairperson, Committee on Transportation and the Environment

DC Sustainable Energy Utility Advisory Board Fiscal Year 2022 Report

DCSEU FY22 Performance & Activities FY22 – FY23

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1. Executive Summary & Introduction

While Fiscal Year 2022 (FY22) and FY23 have proven challenging periods for both the District's Sustainable Energy Utility (DCSEU) and the DCSEU Advisory Board (hereafter "the Board"), each has delivered successes to the District's residents and businesses.

After spending 10 years establishing and growing the DCSEU to great success, Ted Trabue stepped down as the DCSEU's Managing Director. Ted oversaw the DCSEU's implementation of the 2008 Clean and Affordable Energy Act (CAEA), which took ratepayer-funded energy efficiency programs out of the hands of the District's traditional (fossil-fuel burning) utilities, and other entities implementing such programs,[1] and placed them into the hands of the DCSEU. The idea was that the DCSEU, a third-party administrator serving under a performance-based contract with the District Department of Energy and Environment (DOEE), would serve as the sustainable energy utility – the one-stop shop[2] to which residents and business could turn to obtain assistance in becoming energy efficient. Ted's replacement, Ernest Jolly, who most recently formulated and implemented energy management strategies for process and equipment improvements for D.C. Water, is now overseeing the DCSEU as it enters its adolescence. In these years, the DCSEU will be competing with the traditional utilities, whose concurrent roles in the provision of energy efficiency services were reinforced and augmented in the Clean Energy DC Omnibus Amendment Act of 2018 (CEDC Act).

Against this backdrop of a dramatically changed energy efficiency marketplace, the DCSEU's 2021 contract (its second five-year contract) significantly altered the DCSEU's performance benchmarks. For example, the new contract now includes, at the urging of the Board, a greenhouse gas (GHG) emissions reduction requirement, in addition to the DCSEU's long-standing energy savings and social equity requirements.

Further, the DCSEU is tasked with meeting new challenges at a time when increasingly stringent energy standards have become the norm (for example, through the new national lighting efficiency standards and building energy codes). While the world's incorporation of cleaner energy standards is all to the good, and the District's ability to set new aggressive standards is in large part due to the DCSEU's successes in having elevated the baseline, the practical result is that it limits the DCSEU's ability to glean the incremental energy savings.

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[1] *See* Council of the District of Columbia Committee on Public Services and Consumer Affairs, Report, Bill 17-492, the "Clean and Affordable Energy Act of 2008," at pp. 7 - 13, recounting the years of "squabbling" that ensued with the previous structure for administering ratepayer-funded energy efficiency programs, pursuant to which the Energy Office, housed in DOEE's predecessor agency, proposed programs to the Commission, which in turn, prior to approval, would put the proposals before a working group composed of agencies and organizations, including the Energy Office, the Office of the People's Council, Pepco, AOBA and various environmental groups. That structure had arisen after the Council deregulated the electricity industry and removed from Pepco the responsibility for administering such programs.

[2] *See Id*., p. 13, discussing the desirability of there being "a single provider" offering sustainable energy services to all District energy users rather than multiple providers, both for ease of oversight as well as to minimize confusion for District residents.

Finally, the DCSEU continues to contend with the post-pandemic vestiges of a disrupted economy, both locally, and nationally, which limit stakeholders' willingness and/or ability to invest in clean energy projects, particularly owners of office buildings downtown, whose occupancy rates have yet to return to pre-pandemic levels.

Accordingly, and especially as FY22 was the first year of the DCSEU's implementation of its second five-year contract, the DCSEU did not hit any of the cumulative performance targets (combined source energy savings benchmark; GHG emissions reduction benchmark; and the requirement that it increase renewable energy (RE) capacity while also reducing energy consumption by more than half across its RE projects). However, the DCSEU did significantly exceed its targets for green jobs development and the volume of spend directed towards District Certified Business Enterprises (CBEs). Although the DCSEU did not meet its cumulative benchmarks, the DCSEU invested more than $5.8 million for energy efficiency in low- and moderate-income communities; reduced energy bills by 50% for more than 2,500 income-qualified families through implementation of Solar for All; and launched rebates to help residents and businesses switch from gas leaf blowers and lawn mowers to electric.

The Board is pleased to report that, in large part due to the efforts of the DCSEU since its inception, the District moved from #30 in 2013 in the American Council for an Energy Efficient Economy's scorecard on states' energy efficiency programs, to #8 in 2023, and #3 in cities, behind only Seattle and San Francisco. Nevertheless, the DCSEU's actual FY22 performance is hard to assess, as the contract for the third-party evaluator expired without a new contractor having been selected. The CAEA requires that the Board submit its annual report to the Council within three months after the Board's receipt of the contractor's evaluation report (D.C. Code § 8-1774.04). The report has historically addressed, among other things, the cost-effectiveness of the DCSEU's programs. As the Board could not be assured when a new evaluator would be under contract to generate said report, the Board determined that it would submit this Report presently, based upon the DCSEU's own estimates. The Board looks forward to receiving the new contractor's report, as well as an explanation from DOEE as to why a new contract was not timely executed. Upon receipt of the report, the Board will determine if it needs to amend this annual report.

The Board has faced its own challenges in FY22. Because the CEDC Act provided for Pepco and Washington Gas to apply to the Public Service Commission (PSC) to offer energy efficiency and demand response (EEDR) programs, the Board has regularly "lost" the benefit of having votes cast by 4 to 5 of its 13 members. Pepco and Washington Gas, as well as the PSC are typically conflicted from casting votes; and the Office of the People's Council (OPC) and other Board members who are also litigants in most PSC proceedings, also sometimes abstain from Board votes. Additionally, the Board sustained 6 vacancies, whose backfilling required action by MOTA or by Council members, and/or designation by Pepco and Washington Gas. This has meant that for roughly a year, the Board got its work done with only 7 members, 3 of whom who, while active, and critical, to the Board's deliberations, abstained from voting. As of this writing, MOTA has sworn in two new members; and Council Chair Mendelson and Committee on Transportation Chair Allen designated their representatives. The Board eagerly awaits the prompt swearing in of the two utility representatives, which will finally restore the Board's composition to its full statutorily set roster of 13 members, but notes that under the SEUAB's governing legislation, 5 members will still be unlikely to be able to or wanting to vote.

Despite the foregoing, the Board is pleased to share that in FY22 and FY23, the Board's accomplishments were many.

Most significantly, the Board informed the PSC of its concerns with Washington Gas' proposed energy efficiency programs. In particular, the Board indicated its view that Washington Gas' proposed slate of programs, to the extent they would make it attractive to customers to continue to use gas, would undermine the DCSEU's ability not only to aid customers in electrifying, but to aid the District in achieving its de-carbonization objectives.[3]

In addition, the Board:

- Requested and obtained the PSC's agreement to convene a meeting on Washington Gas' potential study (please see attachment 1 the Board's 2/16/23 letter);

- Submitted comments to the PSC in FC 1160 advocating for more frequent meetings of the Technical Issues Working Group[4] than the PSC provided in Order No. 20654; and

- Obtained a modification of a court decision so that it would be clear that the utilities must consult with the DC SEU Advisory Board prior to submitting proposed energy efficiency programs to the PSC for approval. *See Office of the People's Counsel v. D.C. Public Service Commission, et al.*, Nos. 21-AA-0684, 21-AA-0869 (D.C. Ct. of App. Nov. 10, 2022).

The Board also determined that consistent with its statutory mandate to advise DOEE and the Council on the DCSEU's performance under its contract, *see* D.C. Code § 8-1774.03(a)(1) – (3), the Board would seek to monitor the DCSEU's performance with regard to its implementation of the District's Solar for All[5] (SFA) and Affordable Housing Retrofit Accelerator (AHRA)[6] programs. The Board is pleased with the District's successes in implementing SFA. However, the Board notes that the DCSEU's programs to implement the AHRA, the country's first of its kind, has been slow to launch. The Board is eager to work with the DCSEU in determining how the DCSEU may more rapidly achieve AHRA objectives and is hopeful that the DCSEU will be able to timely deploy the funding for AHRA implementation made available to it within the appropriation window.

The Board is confident the DCSEU will meet and exceed its five-year obligations by the end of the contract's five-year term, while continuing to bring its expertise and entrepreneurial spirit to the District's

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[3] Attachment 1

[4] Technical Issues Working Group provides a forum to discuss Pepco's and Washington Gas's proposed EEDR programs.

[5] Solar for All is a DOEE program that aims to bring the benefits of solar energy to 100,000 low to moderate income families in the District of Columbia. DOEE is partnering with the DCSEU to implement the program in single family residences.

[6] The AHRA is offering enhanced technical and financial assistance to owners and managers of qualifying affordable multifamily buildings to comply with the District's Building Energy Performance Standards.

energy efficiency marketplace. The Board is also confident that the DCSEU is fully capable of responding to the sea change that has been wrought by the changed landscape in which it is delivering EEDR services. The Board is eager to work with the DCSEU and DOEE in determining whether re-framing of the DCSEU's performance benchmarks is warranted; potentially, modernizing the framework used to measure the societal costs and benefits of DCSEU programs; and crafting metrics that will more accurately capture the multiple benefits of decarbonization, such as the ability to improve public health.

The Board looks forward to continuing to work with the DCSEU, as well as with DOEE and Council in determining how best to position the DCSEU so it can continue to succeed in executing its vital mission of delivering clean and affordable energy most equitably to District businesses and residences.

2. Summary of 2022-2023 Activities and Priorities

2.1. Key Activities of the DCSEU in FY22 into FY23

As outlined in the Clean and Affordable Energy Act of 2008, D.C. Official Code § 8-1774.03[7] (CAEA), the Board is charged to provide advice, comments, and recommendations to DOEE and the Council regarding the procurement and administration of DCSEU, advise on DCSEU performance and monitor DCSEU under their contract.

The Board met 16 times in FY23, including 6 special meetings. All FY23 convenings were held virtually via Microsoft Teams. Table 1 in the appendix lists current Board members, their term end dates, and the number of meetings attended. Note, two Board members (Giuls Kunkel and Jaleel Shujath) joined in July 2023 and two Council member appointees (Mansi Talwar and Dr. Larry Martin) joined in August 2023. DOEE is working with the local utilities to fill the vacant positions for the Pepco representative and Washington Gas representative.

2.1.1. Overall Context

The DCSEU is charged to administer sustainable energy programs in the District, including the development, coordination, and provision of programs to promote the sustainable use of energy in the District. More specifically, the DCSEU aims to reduce energy consumption, increase renewable energy generating capacity, increase the number of green-collar jobs in the District, and improve the energy efficiency and increase the renewable energy generating capacity of low-income housing, shelters, clinics, and other buildings serving low-income residents. The DCSEU contract is performance-based and provides financial incentives for the Contractor, Vermont Energy Investment Corporation (VEIC), to meet or exceed the required performance benchmarks and financial penalties if the Contractor fails to meet the required performance benchmarks. Several of the programs discussed throughout this document, such as the Solar for All (SFA) program and the Affordable Housing Retrofit Accelerator (AHRA), are not subject to performance benchmarks.

The DCSEU operates on a five-year contract period. In FY22, the DCSEU contract was renewed, starting another five-year cycle (FY22-FY26). The renewed contract prioritizes greenhouse gas (GHG) reduction,

[7] "CAEA," D.C. Law 17-250, effective Oct 22, 2008, D.C. Official Code §8-1773.01 et seq.

building decarbonization, electrification, and renewable energy generation in the District. In FY22, the DCSEU had a total budget of $57,744,844, which was comprised of the base contract of up to $20,050,000 in reimbursable costs and up to $950,000 in performance benchmarks, as well as contract modifications for four additional programs (SFA, AHRA, Sustainable Energy Infrastructure Capacity Building and Pipeline Program [SEICBP], and HVAC Replacement Program) for up to an additional $36,744,844. DCSEU spent $31,565,834 in FY22, which included actual reimbursable costs and a 4% non-at-risk operations fee. In FY23, the DCSEU had a total budget of $71,015,419, which was comprised of the base contract of up to $20,701,308 in reimbursable costs and up to $1,700,00 in performance benchmarks, as well as contract modifications for four additional programs (SFA, AHRA, SEICBP, and HVAC Replacement Program) for up to an additional $48,614,111.

2.1.2.Key Programs under the DCSEU Contract

In FY22, the DCSEU implemented 18 different programs across the commercial, solar, residential, and low-income industries. Key initiatives included the Commercial and Institutional (C&I) Customer program, SFA program, Income Qualified Efficiency Fund (IQEF), Train Green SEICBP workforce development program, business energy rebates, and residential efficient products program. Most of these programs are funded in the core SETF contract, with SFA, SEICBP, AHRA, and HVAC replacement funded outside of SETF.

2.1.3. Programs not under DCSEU Performance Benchmarks

2.1.3.1. Solar for All (SFA)

SFA aims to provide low-income District residents with the benefits of solar electricity. The program was established by the Renewable Portfolio Standard (RPS) Act of 2016 and is funded by the Renewable Energy Defense Fund (REDF)[8]. All SFA participants can expect to see a 50% savings on their electricity bill over 15 years. District residents may participate in the SFA single-family program or community solar program. Under the SFA single-family program, eligible District homeowners can have a solar system installed at no cost and under the SFA community solar program, participants can subscribe to the community renewable energy facilities (CREF). SFA operates on a first-come, first-served basis and fulfillment is dependent upon funding availability.

In FY22, the DCSEU installed 2.958 megawatts (MW) of solar capacity through SFA including 106 single-family solar systems and 18 community renewable energy facilities (CREF). In FY22, the budget included funding for roof repairs and electrical system upgrades. The DCSEU assisted 26 residents with roof repairs including 2 residents who received electrical system repairs.

On January 19, 2023, the District's SFA program was honored with one of just five Grand Prize Sunny Awards from the U.S. Department of Energy's National Community Solar Partnership for equitable

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[8] Code of the District of Columbia. § 8–1774.10. Sustainable Energy Trust Fund. https://code.dccouncil.gov/us/dc/council/code/sections/8-1774.10

community solar development. The awards recognized community solar projects and programs across the nation that increase equitable access to the benefits of solar for all communities.

2.1.3.2. Affordable Housing Retrofit Accelerator (AHRA)

AHRA offers enhanced technical and financial assistance to owners and managers of qualifying affordable multifamily buildings that do not meet the District's Building Energy Performance Standards (BEPS). The program launched in December 2021 and is funded through the American Rescue Plan Act (ARPA).

AHRA helps participants:

- Understand the BEPS and how they apply to affordable housing properties;
- Uncover energy-saving opportunities in their building(s);
- Identify resources, including financial incentives and financing opportunities, to help pay for upgrades that will reduce energy use;
- Choose a Compliance Pathway[9] and get support towards compliance with the BEPS requirements as determined by DOEE; and
- Preserve affordable housing, cut your energy costs, run buildings more efficiently, and reduce overall greenhouse gas emissions.

In FY22 and FY23, the DCSEU solicited and trained 14 qualified building energy auditors, identified over 100 AHRA eligible buildings, and covered 30 building energy audits.

In FY24, AHRA will continue to be implemented, however funding will be substantially reduced as the ARPA funding (which was used to launch the program) will no longer be available.

2.1.3.3. HVAC Replacement Program

The HVAC Replacement program upgrades eligible low-income single-family homes from natural gas heating systems to efficient electric heaters at no cost to the homeowner. This program launched in FY22 and was derived from DCSEU's FY19 Low-Income Decarbonization Pilot program[10]. In FY22, 19 households participated in the program totaling 13 efficient electric heat pump water heaters and 12 efficient electric heat pumps installed.

2.1.3.4. Train Green Sustainable Energy Infrastructure Capacity Building and Pipeline Program (Train Green SEICBP)

Train Green SEICBP provides Certified Business Enterprises (CBEs) and CBE-eligible firms industry-leading training and certifications at no cost. The DCSEU offers a range of introductory to advanced courses including topics on Energy Efficiency, Sustainability and Health, Building Operations, HVAC,

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[9] Building Innovation Hub. BEPS Compliance Pathway Timelines. https://buildinginnovationhub.org/resource/regulation-basics/understanding-beps/beps-compliance-pathway-deadlines/

[10] DC Sustainable Energy Utility, Studying the Path to Zero Carbon Homes in DC. https://www.dcseu.com/news-blog/news-blog/blog-posts/studying-the-path-to-zero-carbon-homes-in-dc

and Renewables and Solar. In FY22, over 305 individuals registered for Train Green SEICBP including 259 of which were either a District resident and/or worked for a CBE or CBE-eligible firm.

3. Legislative, Regulatory, and Contract Changes

3.1. Contract Changes

In FY22, the DCSEU contract was renewed, starting another five-year cycle (FY22-FY26). In collaboration with the Board and other public stakeholders, DOEE made significant changes to the five-year option period of the DCSEU Contract (FY22-FY26) prior to the execution of the option period. The changes included:

1) Restricting the DCSEU's ability to incentivize natural gas measures without explicit written approval from DOEE;
2) Switching to a MMBtu metric for measuring annual and cumulative reductions in energy consumption in the District, instead of separate metrics for measuring reductions in electricity consumption and reductions in natural gas consumption as specified in the five-year base period;
3) Adding a performance benchmark to measure annual and cumulative reductions in GHG emissions;
4) Increasing the annual amount of mandatory DCSEU expenditures of programs and initiatives that support the District's low-income residents;
5) Eliminated the performance benchmark that required the DCSEU to obtain funds from non-District government sources to support energy efficiency and renewable energy projects;
6) Eliminated the performance benchmark that required the DCSEU to reduce the growth in energy demand for the District's largest energy users; and
7) Adding a performance benchmark to require the DCSEU to design and implement a deep energy retrofit program that provides technical and financial incentives to commercial and multifamily residential building owners that are required to comply with BEPs to substantially reduce their building's annual energy consumption.

In FY23, the DCSEU requested contract negotiations to revise its performance benchmarks. DOEE and the Board will work through these contract negotiations in FY24.

3.2. Legislative and Regulatory Changes Impacting the DCSEU

The Board tracks legislation that may impact the DCSEU. The following bills of relevance to the DCSEU were enacted during Council period 24:

<u>B24-0950 - Local Solar Expansion Amendment Act of 2022, D.C. Law 24-314, Effective from Mar 10, 2023</u>

This act amends the Renewable Energy Portfolio Standard Act of 2004 to increase the renewable portfolio standard for local solar from 10% to 15% by 2041, to adjust the phasedown of the alternative compliance payment for local solar, to direct a portion of the funds collected from the alternative compliance payment each year to provide supplemental funding to the District's low-income ratepayer relief fund and programming to increase the number of low-income ratepayers participating in the District's energy affordability programs, and to require the Office of People's Counsel to commission a study of the benefits and costs of the District's local solar policies every 3 years.

<u>B24-0267 Climate Commitment Amendment Act of 2022, D.C. Law L24-176, effective from Sep 21, 2022</u>

This act commits the District to achieve carbon neutrality by 2045 with interim targets in 2025, 2030, 2035, and 2040. District government operations must reach carbon neutrality by 2040 and prioritize actions that result in additional renewable energy generation. Further, the act prohibits the District government from installing natural gas, oil, or other fossil fuels, natural gas space- or water-heating appliances in District-owned buildings beginning January 1, 2025 (except where infeasible). The law establishes a task force of District Government and DC Water officials to create an action plan for the 2040 neutrality target; DOEE must prepare and submit an annual report to Council.

<u>B24-0420, Clean Energy DC Building Code Amendment of 2022, D.C. Law L24-177, effective from Sep 21, 2022</u>

This act amends Green Building Act of 2006[11] to require the District to adopt net zero energy (NZE) regulations for new buildings and substantial improvements by December 31, 2026. The act defines a net-zero energy standard that mandates the use of onsite renewable energy first, then buildings can procure renewable energy through offsite sources, but unbundled renewable energy credits are not eligible to satisfy the renewable generation requirement. Finally, the act requires the newly established Department of Buildings to conduct an independent audit of a sample of buildings that received certificates of occupancy every three years.

The Board is tracking progress on B25-0119 - Healthy Homes and Residential Electrification Amendment Act of 2023. This bill amends the:

- Clean and Affordable Energy Act of 2008 (CAEA) to create the Healthy Homes Program to install electric appliances for low- and moderate-income households,
- Green Building Act of 2006 to provide that the Green Building Advisory Council will advise the Mayor on implementation of this act,
- Construction Codes Approval and Amendments Act of 1986 to increase permit fees for installing appliances or other systems that combust fossil fuels on site,
- District of Columbia Housing Authority Act of 1999 to prohibit the District of Columbia Housing Authority from installing appliances or other systems that combust fossil fuels on site when making a conversion through the Rental Assistance Demonstration program.

[11] D.C. Law 16-234, effective March 8. 2007, D.C. Official Code § 6–1451.01 et. seq.

3.3. PSC Formal Case Impacting the DCSEU

PSC Formal Case No. 1160 (FC 1160): *In the Matter of the Development of 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.*

FC 1160 is the proceeding that is considering Pepco's application to administer energy efficiency and demand response (EEDR) programs in the District under Section 201 (b) (D.C. Code § 8-1774.07) of the Clean Energy DC Omnibus Amendment Act of 2018 (CEDC Act, D.C. Law 22-257, effective March 22, 2019). Section 201 (b) of the CEDC Act also established a working group (EEDR WG) to recommend long-term and annual energy savings metrics, quantitative performance indicators, and cost-effective standards for utility EEDR programs.

On February 16, 2023, the Board filed comments requesting the PSC reconvene the EEDR Working Group more frequently, and at a minimum, host one or more special meetings to permit Working Group members to consider Washington Gas' forthcoming proposals.

On April 27, 2023, the Board filed comments providing feedback on WGL's proposed EEDR programs. The Board highlighted that many of the programs proposed by Washington Gas, will undercut the DCSEU's ability to meet its performance benchmarks, as well as its statutory mission to shift energy consumption towards clean energy sources. The programs will therefore also hinder the District's ability to achieve statutory goals. Please see Attachment 1 and 2 for the full text of the DCSEUAB's comments.

At the September 12, 2023 Board meeting, the DCSEU presented its feedback on Pepco's and Washington Gas' energy efficiency/demand response potential studies. On August 26, 2023, the DCSEU filed its comments on the two potential studies with the PSC. Please see Attachment 3 for the full text of the DCSEU's comments.

4. Performance Review, FY22

Unlike years past, the DCSEU Board did not have an Evaluation, Measurement, & Verification (EM&V) report for FY22 to verify the attainment or non-attainment of the DCSEU's performance benchmarks. The information provided is based on tracking information provided by the DCSEU. The Board will include the FY22 EM&V findings in the Board's FY23 report.

FY22 represented the first year of DCSEUs new five-year contract cycle (FY22-FY26). In FY22, the DCSEU did not achieve the minimum targets for the cumulative benchmarks, however DCSEU exceeded the annual green collar jobs target and met the annual low-income spend.

Each year the American Council for an Energy-Efficiency Economy (ACEEE) publishes a State Energy Efficiency Scorecard which rates how states have advanced their energy efficiency policies and programs. In 2013, ACEEE ranked the District as 30th in the nation and in 2022 ACEEE's *State Energy Efficiency*

Scorecard Progress Report[12] scored the District as 6th in the nation. The DCSEU continues to transform the District's energy efficiency programs and the Board applauds this progress.

4.1. Cumulative Performance Benchmarks

4.1.1. Reduce Energy Consumption

Based on annual reductions in electricity and natural gas consumption, the DCSEU has a combined source energy savings five-year cumulative performance benchmark. By FY26, the DCSEU is charged to reduce electricity and natural gas consumption with a minimum target of 6,820,733 MMBtu and a maximum target of 7,578,592 MMBtu. In FY22, the DCSEU reached 894,586 MMBTU in combined source energy savings which represented 13% achievement of its minimum five-year cumulative Performance Benchmark target.

4.1.2. Renewable Energy and Energy Efficiency

By FY26, the DCSEU is charged to install a minimum of 4,500 kW and a maximum of 5,000 kW of renewable energy while reducing energy consumption greater than or equal to 50% of the renewable energy generating capacity across projects. In FY22, the DCSEU supported 661 kW of renewable energy capacity and has achieved a 232% ratio of solar measure energy savings to non-solar measure energy savings.

4.1.3. Reduce Greenhouse Gas (GHG) Emissions Impact

The DCSEU has five-year cumulative performance benchmark to reduce GHG emissions by a minimum of 471,901 metric tons of CO2 equivalent (MTCO2e) and a maximum of 524,334 MTCO2e. In FY22, the DCSEU achieved 53,792 MTCO2e which met 11% of its minimum five-year cumulative target and 10% of its maximum five-year cumulative target.

4.1.4. Deep Energy Retrofits

By FY26, the DCSEU is charged to conduct deep energy retrofits in a minimum of 70 buildings and a maximum of 100 buildings. To meet this benchmark, all the participating buildings must receive at least a 30% reduction in the building's energy usage. In FY22, the DCSEU did not complete any deep energy retrofits and in FY23 the DCSEU completed one deep energy retrofit. Due to the amount of time it takes to assess and identify buildings, completing this benchmark will take several years.

4.2. Annual Performance Benchmarks

4.2.1. Low-Income Spending

The DCSEU is required to spend 20-30% of its annual budget funding projects in low-income communities. In FY22, the DCSEU met its annual requirement and spent $5,810,693 on energy efficiency projects in low-income communities.

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[12] Subramanian, S., W. Berg, E. Cooper, M. Waite, B. Jennings, A. Hoffmeister, and B. Fadie. 2022. 2022 State Energy Efficiency Scorecard. Washington, DC: ACEEE. www.aceee.org/research-report/u2206 .

4.2.2. Green Jobs

The DCSEU is required to fund green jobs in the District during each year of the contract. The contract requires that the DCSEU fund a minimum of 66 full-time equivalent (FTE) jobs each year. The maximum annual target is 88 jobs. To calculate the number of FTE jobs funded, the contract specifies the following criteria:

- One FTE green job equals 1,950 hours worked by DCSEU staff and subcontractors.
- One FTE green job equals $200,000 worth of DCSEU incentives provided to customers or manufacturers.
- Only direct jobs are to be considered. Indirect jobs and induced jobs are not counted.

In FY22, the DCSEU created 94 full time jobs.

4.3. Financial Audit

F.S. Taylor & Associates, P.C. (FSTA) conducted a financial audit to review the FY22 costs reported by DCSEU. FSTA also tested the DCSEU's compliance with various requirements outlined in the contract, including whether the established benchmarks were attained.

Overall, FSTA found that DCSEU presented the expenditures fairly for FY22 and was in compliance with contract obligations. FSTA had one minor finding of equipment that was not properly included on the DCSEU's Asset Tracking Log.

The Board extends its congratulations to the DCSEU for designing, implementing, and maintaining sound financial controls.

4.3.1. Certified Business Enterprises (CBE) Requirements

Annually, the DCSEU is required to spend a minimum of 35% of its contractable dollars with CBEs. In FY22, the target amount of CBE spending was $7,134,994 (based on the total subcontract costs of $20,385,696). The DCSEU well exceeded this target by spending $11,757,902.

4.3.2. General and Administrative Expenses

As outlined in the contract, DCSEU's general and administrative costs shall not exceed 20% of the annual cost reimbursement ceiling. For FY22, the general and administrative costs allowed to be charged was $4,010,000 (based off the $20,050,000 cost reimbursement ceiling). The DCSEU spent $3,629,221 which was under the 20% cap and was in compliant for FY22.

4.4. Cost Effectiveness

When the DCSEU is assessed by a third-party evaluator, a societal cost test is completed to determine the cost-effectiveness of programs including the costs and benefits from the program administrator, program participants, and non-participants. Since DOEE did not execute a contract in time, a third-party evaluator was not selected and an FY22 societal cost test was not completed. In FY23, the DCSEU proposed changes to the societal cost test and the Board looks forward to providing feedback on the adjustment in FY24.

5. Conclusion

Looking forward to FY24, and beyond, the DCSEU anticipates new opportunities and challenges. The Board will continue its focus on key areas and explore new opportunities in FY24.

The core mission of the Board is to review, examine, and make recommendations on the design of DCSEU contract performance metrics and the rewards and penalties associated with them. The Board views the examination and incentivizing of new program areas for the DCSEU's evolution as essential to meet the challenges of DC's energy decarbonization future. For example, the new contract now includes, at the urging of the Board, a GHG emissions reduction requirement that is responsive to the CEDC Act. This is in addition to the DCSEU's long-standing energy savings requirement. The Board will continue to evaluate the strategic implications of the GHG performance metric and the energy savings metrics to understand how the Board may reinforce, double count, or possibly create cross purposes in design and budgeting of DCSEU programs.

With passage of the CEDC Act, the role of utilities in the provision of energy efficiency (EE) services was reinforced and augmented, which created competition for the DCSEU's legacy energy efficiency programs. The significance of building and transportation electrification as a strategy for decarbonization is also increasingly in focus. The challenges of meeting benchmark performance targets associated with programs that are increasingly competitive might recommend rethinking DCSEU targets and both refining and rethinking existing energy programs to focus on the opportunities and challenges of transforming DC's energy economy to meet decarbonization commitments. The Board is uniquely suited to bring a broad and diverse perspective to discussions of electrification in the District. Challenges include coordination of federal funding, coordination of DC agency initiatives – and importantly, infrastructure capacity and the need for load studies to determine how to implement electrification projects.

With new programs comes uncertainty, and performance metrics must not discourage exploration of new programming opportunities. Balancing rewards for performance against standing up new programs and the possibility of missing performance benchmarks could be a topic for Board discussion in the coming year. The Board will work to ensure the performance metrics serve as strategic guideposts for the DCSEU's continued success, but not discourage the SEU's growth into new programming opportunities.

As the DCSEU secures cost-effective and effective programming in a healthy and fair competition with the utilities for EE, the Board may begin to examine opportunities for pushing into new service areas. Distributed Energy Resources (DER) integration with the utility's distribution grid offers important opportunities. Aggregated systems management of DER, microgrids and transactional energy sales and purchase between consumers are no longer distant on the horizon but are already demonstrated areas of value creation. The Board may begin exploring opportunities for business models providing a wholistic and integrated process to residents and businesses that could provide turn-key assistance in planning, funding, and installation of comprehensive EE and clean power. As with the bidding of EE into the PJM auction market, the DCSEU may have opportunities to leverage new smart-grid technologies to generate value for both its own programming and for energy customers.

Building electrification, as noted above, entails a long-term, coordinated, and methodical strategy on a District scale. On a building scale, challenges are associated with multiyear capital subsidies and cost-effective levels of technical support. Deep energy retrofit will be an area of particular focus. Deep energy retrofits have thus far been a challenge to incentivize using performance metrics. A consideration of the benefits and challenges of deep energy retrofits will be conducted. The Board will study and evaluate the cumulative performance metric, considering features such as how the DCSEU can dovetail with the annual metric for low-income spending and an appropriate timeline for projects. Transportation electrification is an area of programming not previously part of the DCSEU. The Board will evaluate if this area holds promise for DCSEU involvement and warrants consideration.

Finally, the Board will actively seek to understand which DCSEU programs may underperform and how best practices successful elsewhere may help to inform program modification.

6. Appendix

6.1.FY23 Board Member Attendance

Name	In Attendance?	FY 2023 Special Meetings Attendance Record	FY 2023 Sub Committee Meeting Attendance Record	FY 2023 Regular Meetings Attendance Record
Bicky Corman - Board Chair (Mayor's Designee)	Yes	6/6	1/1	8/9
Mansi Talwar (Councilmember Allen)	Yes	0/0	0/0	1/1
Sandra Mattavous-Frye (or OPC proxy)	Yes	6/6	1/1	9/9
Danielle Gurkin (PSC)	Yes	4/6	0/1	9/9
Pending - (Electric Company)	N/A	N/A	N/A	N/A
Eric Jones (Building Management)	Yes	6/6	1/1	9/9
Nina Dodge (Environment)	Yes	5/6	0/1	9/9
Jamal Lewis (Low-Income Community)	Yes	6/6	0/1	7/9
Jaleel Shujath (Economic Development)	No	0/0	0/0	1/1
Sasha Srivastava (Renewable Energy)	Yes	6/6	1/1	9/9
Giuls Kunkel (Building Construction)	Yes	0/0	0/0	2/2
Dr. Larry Martin (Council Chairperson Mendelson)	Yes	0/0	0/0	1/1
Pending – Portia Hurtt (Gas Utility)	N/A	N/A	N/A	N/A

6.2.Attachment 1 – FC1160 Board Letter (February 16, 2023)

ELECTRONIC FILING

February 16, 2023

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

> **Re: Formal Case No. 1160 – In the Matter of the Development of Metrics for Electric Company and Gas Company Energy Efficiency and Demand Response Programs Pursuant to Section 201(B) of the CleanEnergy DC Omnibus Amendment Act of 2018**

Dear Ms. Westbrook-Sedgwick:

In Order No. 20654 (October 30, 2020), ¶ 83, issued in *Formal Case No. 1160 In the Matter of the Development of 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*, the District of Columbia Public Service Commission (Commission) directed Commission Staff to reconvene the Energy Efficiency/Demand Response (EEDR) Metrics Working Group (Working Group) to consider a limited number of unresolved issues, which included evaluating the EEDR programs administered by the utilities. The District of Columbia Sustainable Energy Utility's (DC SEU's) Advisory Board (Board), has been a participant in the Working Group.

As the Commission will recall, D.C. Code 8-1174.07(g)(4) requires that the utilities consult with District's Department of Energy and Environment (DOEE), the District of Columbia Sustainable Energy Utility (DCSEU) and the DCSEU's Advisory Board (Board) prior to proposing EEDR programs to the Commission for approval. The Board's role, along with that of the District of Columbia's Department of Energy and Environment (DOEE) and the DCSEU, is to ensure that proposed programs are not substantially similar to DCSEU programs unless the DCSEU supports the program. Order ¶ 36.   The Board found the Working Group to be a helpful forum to discuss metrics the Working Group might recommend the Commission apply in reviewing Pepco's proposed programs, which Pepco filed last year.

Paragraph 47 of Order No. 21030, also issued in Formal Case No. 1160, states:

> *The Commission directs the Energy Efficiency and Demand Response Working Group to reconvene and meet every six months from the program implementation date to address/resolve any challenges and to discuss new opportunities or desirable changes that may have arisen during the six-month program implementation.*

This means that the Working Group may not have an opportunity to convene before Washington Gas submits its proposals to the Commission, now due to be filed April 28, 2023, per the Commission's January 20, 2023 Order No. 21564.

The Board urges the Commission to direct staff to reconvene more frequently, and at a minimum, to host one or more special meetings to permit Working Group members to consider Washington Gas' forthcoming proposals.

Additionally, the Board notes that there has been no formal solicitation of comments on Washington Gas' Potential Study, filed on October 31, 2022 in FC 1160. Paragraph 81 of Order No. 20654 states:

> *After the EEDR Potential Study is completed, Commission staff and Working Group members will discuss the implications of the study and address program goals for WDL's EEDR programs. Also, Commission staff and Working Group members will further evaluate Pepco's EEDR goals based on the study recommendations.*

As best as the Board is aware, the Commission staff has not requested a Working Group convening to discuss the implications of the Potential Study. This is concerning because Washington Gas, in their statements to our Board, has indicated that comments on the Potential Study should be discussed in the context of the EEDR Working Group. Such discussion would fit well with a discussion concerning potential metrics to be applied in Washington Gas' forthcoming EEDR proposals.

Respectfully submitted,

By: /s/ Bernice Corman
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Chair, Sustainable Energy Utility Advisory Board
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CERTIFICATE OF SERVICE

I hereby certify that on this 16th day of February 2023, I caused true and correct copies of the Letter to the District of Columbia Public Service Commission to be e-mailed to the following:

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/s/ Bernice I. Corman
Bernice I. Corman

6.3. Attachment 2 – FC1160 Board Letter (April 27, 2023)

ELECTRONIC FILING

April 27, 2023

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

Re: Formal Case No. 1160 -- In the Matter of the Development of Metrics for Electric Company and Gas Company Energy Efficiency and Demand Response Programs Pursuant to Section 201 (B) of the CleanEnergy DC Omnibus Amendment Act of 2018.

Dear Ms. Westbrook-Sedgwick:

Pursuant to its responsibilities under D.C. Code § 8-1774.07(g)(4), the Sustainable Energy Utility Advisory Board (SEUAB, D.C. Official Code § 8–1774.03) hereby submits the enclosed Comments on a pre-final draft set of proposed Energy Efficiency and Demand Response (EEDR) Programs provided by Washington Gas Light to the Board on April 7, 2023. If you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Respectfully submitted,

By: /s/ *Bernice Corman*_
BERNICE CORMAN
Chair, Sustainable Energy Utility Advisory Board
Phone: 202.213.1672 (mobile)
Email: bcorman@bickycormanlaw.com

cc: Manny Geraldo, Esq., DC/Maryland Area Manager, State Government Relations and Public Policy, Washington Gas
John Richards, Lead Energy Efficiency Strategy Analyst, Planning and Innovation, Washington Gas
Josh McClelland, Senior Manager, Energy Efficiency, Washington Gas
Earnest Jolly, Managing Director, DCSEU
Richard Jackson, Interim Director, DC Department of Energy and Environment

April 27, 2023

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

Re: Formal Case No. 1160

Dear Ms. Westbrook-Sedgwick:

Please include this report by the District of Columbia Sustainable Energy Utility Advisory Board ("SEU Advisory Board," "Board," or "SEU AB") among the materials to be reviewed by the Public Service Commission in conjunction with the Washington Gas Light's ("WGL's") proposed Energy Efficiency and Demand Response (EEDR) Programs.

The SEU AB, by law, has been asked to advise on how WGL's proposed suite of Energy Efficiency ("EE") programs overlaps or conflicts with the programs offered by the District of Columbia Sustainable Energy Utility ("DCSEU"). The Board wishes to report that WGL generally met its obligation to consult with the Board.

The Board respectfully submits that many of the programs proposed by Washington Gas, which are focused on improving the performance of gas appliances, will undercut the DCSEU's ability to meet its performance benchmarks, as well as its statutory mission to shift energy consumption towards clean (non-fossil fuel) energy sources. The programs will therefore also hinder the District's ability to achieve statutory goals. Accordingly, the Board finds that certain programs proposed in WGL's Energy Efficiency Program Application will impede the DCSEU's performance.

Notwithstanding the foregoing, the Board finds that there is a subset of programs proposed by WGL that do not incentivize new gas-fired equipment (behavioral programs, home kits), and/or that are coordinated with the DCSEU (smart thermostats, workforce development). However, the Board is concerned that these programs may not result in the most efficient use of ratepayer funds due to the rate of return that would be applied to them.

ADVISORY BOARD'S AUTHORITY AND CHARGE

As the Commission is aware, the DCSEU is not a District agency. Rather, it is a private contractor created by the Council in the Clean and Affordable Energy Act of 2008 with the avowed purpose of transforming the energy marketplace in ways that would advance the District's clean energy objectives.[1]

[1] *See*, *e.g.*, Report, Council of the District of Columbia, Committee on Public Services and Consumer Affairs, Bill 17-492, the "Clean and Affordable Energy Act of 2008" ("Committee Report") p. 28, requiring that the SEU contract be structured so as to effectuate a "shift in the marketplace for energy services." *See also* D.C. Code § 8-1773.01(19), defining the SEU as the "private contractor selected to develop coordinate, and provide programs for energy end-users in Washington, D.C., for the purpose of promoting the sustainable use of energy in Washington, D.C." Finally, *see* Committee Report, p. 12, stating: "The entire concept of contracting with a third party to provide [sustainable energy] services is premised on the notion that private

The Council established the DCSEU's Advisory Board[2] at the same time it created the DCSEU,[3, 4] and charged the Board with responsibility to:

(1) Provide advice, comments and recommendations to the DOEE and Council regarding the . . . administration of the SEU contract...;
(2) Advise the DOEE on the performance of the SEU under the SEU contract; and
(3) Monitor the performance of the SEU under the SEU contract.[5]

In short, these provisions indicate that the Board is charged with reporting to the Council on items which impact the DCSEU's "performance," that is, the DCSEU's ability to transform the energy marketplace in ways that will advance the District's clean energy objectives.

In the Clean Energy DC Omnibus Amendment Act of 2018, the Council charged the Board with a role in determining whether energy efficiency and demand reduction ("EE/DR") programs offered by the utilities complement programs offered or in development by the DCSEU.[6] Specifically, D.C. Code § 8-1774.07(g)(4) requires that WGL demonstrate, after consultation with the Board and others, that a proposed program is not "substantially similar," or that the DCSEU supports such a program.

Taken together, the Board understands that it has a role in opining not only on the narrow question set forth in D.C. Code § 8-1774.07(g)(4) – whether an EE/DR program proposed by a utility is substantially similar to a program offered or in development by the DCSEU or if similar, supported by the DCSEU, but also on the broader question set forth in D.C. Code § 8-1774.03 – whether the suite of EEDR programs proposed by a utility will impact the DCSEU's "performance," that is, its ability to transform the energy marketplace in ways that will advance the District's clean energy objectives.

CONSULTATION

The Board's comments are based on the version of WGL's pre-final draft proposal provided to the Board on April 7, 2023.

WGL did consult with the Board on December 13, 2022, January 10, 2023, and March 14, 2023. In addition, the Board met to further discuss WGL's proposed draft programs on December 22, 2022, March

companies with experience in the field of energy efficiency are better suited to design and administer effective programs than state-level agencies or even the utilities."

[2] The Board's members, all of whom are appointed by the Mayor, the Chair of the Council committee with oversight of DOEE, and the Chair of the Council, " . . . have demonstrable expertise in energy efficiency or renewable energy," D.C. Code § 8-1774.03(c), and represent statutorily specified stakeholder interests in the clean energy arena.

[3] *See* D.C. Code §§ 8-1774.01, creating the District's Sustainable Energy Utility, and 8-1774.03, establishing a Sustainable Energy Utility Advisory Board.

[4] At the time, the District's Department of Energy and Environment ("DOEE") was known as the District Department of the Environment.

[5] D.C. Code § 8-1774.03(a)(1)-(3).

[6] Per D.C. Code § 8-1774.07(g)(4), the Board is one of the three entities with whom the utilities must consult and coordinate before applying to the Commission to offer energy efficiency and demand reduction programs in the District that the Company demonstrates "are not substantially similar to programs offered or in development by the SEU, unless the SEU supports such programs."

23, 2023, and April 18, 2023. Many of the concerns raised in this letter were discussed by board members with WGL staff at those meetings. Board members further opined on WGL's draft programs in the EEDR working group meeting on March 30, 2023.

OUR FINDINGS ON OVERLAP WITH DCSEU PROGRAMS

On the narrow question of whether the WGL's proposed programs are "substantially similar" to programs operated by the DCSEU, two programs proposed by WGL are so "substantially similar" that they can only be offered in coordination with DCSEU: the Smart Meter incentives offered through the residential programs, and the Workforce development program. WGL proposes to supplement the funding DCSEU has to operate their existing smart thermostat incentives and workforce development programs, rather than running duplicative programs. Our understanding is that DCSEU supports this, and it is acceptable to the Board as well. However, the Board is concerned that this pass-through may not be an efficient use of ratepayer funds: funding the programs from WGL revenue, with a rate of return applied to them, may be more expensive than if the programs were funded directly through increases in the Sustainable Energy Trust Fund (SETF) surcharge. **The Board thus respectfully requests that the PSC limit the rate-of-return that is applied to any programs where the money is simply passed through to the DCSEU.**

The remainder of the WGL portfolio is focused on improving the efficiency of existing gas appliances and installing new efficient gas-fired appliances. For these programs, the Board notes that the test set forth in §8-1774.07(g)(4) – whether an EEDR program duplicates with an SEU program – is meaningless, as the DCSEU's current contract (with whose terms the Board concurred) essentially bars the DCSEU from investing in gas appliances. In other words, WGL programs will generally not duplicate those of the DCSEU expressly because the DCSEU is no longer offering gas programs. There is a similarity in the outcomes of the programs, as the end-uses incentivized are the same (for example, a residential home has only one hot water heater, regardless of whether it uses electricity or gas). Thus, the programs are mutually exclusive, in competition, and an impediment to the DCSEU's ability to meet its performance benchmarks.

When DOEE and the Board determined the terms of the DCSEU contract to bar incentives for new gas appliances, we did not do so to clear space for WGL to enter that newly cleared space. On the contrary, this was to shift the District energy market away from gas combustion. The Board is concerned that the portfolio of programs proposed by Washington Gas will undercut the DCSEU's ability to support this transformation of the energy marketplace.

The DCSEU must meet performance benchmarks for energy savings and greenhouse gas reductions Without incentives for gas appliances, these savings must be acquired from customers who are either improving the efficiency of electric equipment or switching away from fossil-fuel combustion equipment to high-efficiency electric equipment. The Board is concerned that to the extent that Washington Gas' programs will make it attractive to customers to continue to use gas, Washington Gas may be diverting customers that might otherwise have asked the DCSEU to help them in electrifying. In this way, Washington Gas' programs will themselves limit the DCSEU's ability to acquire customers and savings and make the DCSEU less competitive in the District's energy marketplace.[7]

A move away from natural gas combustion is consistent with Council objectives. The Council has mandated that the District reduce greenhouse gas emissions by 45% below 2006 levels by 2025, 60% below 2026 levels by 2030, and to "a level consistent with carbon neutrality" by 2045.[8] Given that the District's Renewable Energy Portfolio Standard will require the electric supply to be 100% renewable by 2032, natural gas combustion will be a prime driver of greenhouse gas emissions in the future.[9] It has further adopted legislation requiring that by the end of 2026, the District Building Code be all-electric and net-zero energy.[10,11] Programs that incentivize the installation of efficient gas combustion equipment in new and existing buildings directly undercut these longer-term objectives of the District, as such equipment generally have lifespans of 15 to 25 years.

The Board does not see how such a result will advance the District's clean energy objectives.

PROGRAMS THAT DO NOT COMPETE WITH THE DCSEU

The Board does note that there are several programs in WGL's EE application that do not conflict with the DCSEU or are supported by the DCSEU. The smart thermostat and workforce development programs are discussed above. In addition, WGL proposes four other programs that do not incentivize natural gas equipment and are not substantially similar to any DCSEU programs:

- The Residential Behavior and LMI Residential Behavior programs: these programs use Home Energy Reports (HER) to encourage homeowners to reduce their use of natural gas through changes to their behavior and the ways they operate the heating and hot water appliances in their homes. These programs have been proven to be very cost-effective across the US. DCSEU lacks access to the meter data or customer contact information needed to operate a behavior program, and absent any change to that situation, only the utility companies can operate such programs.

- The Residential Home Kits and the LMI Residential Home Kits programs: these programs provide kits that residents can use to improve the efficiency of their existing gas-fired equipment, but neither prolong the life of that equipment nor add any new sources of gas combustion. The Board notes that this program only makes sense if Pepco is approved to operate a home kits program, and DCSEU has transferred the program to Pepco.

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[7] In theory, an energy efficiency program that incentivized improvements to building envelope (e.g., walls, roofs, and windows) would not undercut the DCSEU—though the most efficient way to administer such a program would likely be to supplement DCSEU funding rather than to operate a separate program. However, at present WGL proposes to include all such measures in comprehensive or custom programs, which by design cannot be limited to certain types of energy efficiency measures.

[8] DC Law 24-176. "DC Climate Commitment Amendment Act of 2022."

[9] *See* Order No. 21593, *Formal Case No. 1167, In the Matter of the Implementation of Electric and Natural Gas Climate Change Proposals* (April 6, 2023), pp. 3 – 4, noting that 23% of the District's annual GHG emissions currently come from natural gas, per DOEE's GHG Inventory.

[10] DC Law 24-177. "Clean Energy DC Building Code Amendment Act of 2022."

[11] In particular, WGL proposes to run a "Residential New Construction" program, available to newly constructed homes with gas meters. Per the above cited act, there will be no such homes built after 2026, and incentivizing them in the short-term acts at cross-purposes with the Council direction.

The Board has no objection to this subset of programs, beyond the aforementioned concerns about the inefficiency of applying a rate of return to pass-through funding.

CONCLUSION

The Board appreciates the opportunity to aid in the coordination of EE programs for District customers. The Board reserves the right and individual Board members reserve their individual rights to submit additional comments on WGL's EE programs as submitted to the PSC.

Sincerely,

By: /s/ *Bernice Corman*_

BERNICE CORMAN
Chair, Sustainable Energy Utility Advisory Board
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(202) 213-1672

CERTIFICATE OF SERVICE

I hereby certify that on this 27th day of April 2023, I caused true and correct copies of the Sustainable Energy Utility Advisory Board's comments on a pre-final draft set of proposed Energy Efficiency and Demand Response programs proposed by Washington Gas Light to be sent by email to the following:

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/s/ Hussain S. Karim
Hussain S. Karim

6.4. Attachment 3 – FC1160 DCSEU Comments (August 26, 2023)

FC1160 - 2023 - M - 125

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August 26, 2023

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. 1160 -- In the Matter of the Development of Metrics for Electric Company and Gas Company Energy Efficiency and Demand Response Programs Pursuant to Section 201 (B) of the CleanEnergy DC Omnibus Amendment Act of 2018

Dear Ms. Westbrook-Sedgwick:

Enclosed please find the *District of Columbia Sustainable Energy Utility (DCSEU)* comments on *Washington Gas Light Company's and Potomac Electric Power Company's Potential Studies*.

Please feel free to contact me if you have any questions regarding this matter.

Sincerely

/s/ Ernest Jolly.

Ernest Jolly
Managing Director
DC Sustainable Energy Utility
1 M Street, SE Third Floor
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Enclosure:
Cc: All Parties of Record

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F 202-450-1552

BEFORE THE
PUBLIC SERVICE COMMISSION
OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF:	§	
	§	
In the Matter of the Development of Metrics	§	**Formal Case No 1160**
for Electric Company and Gas Company Energy	§	
Efficiency and Demand Response Programs	§	
Pursuant to Section 201 (B) of the CleanEnergy	§	
DC Omnibus Amendment Act of 2018	§	

COMMENTS OF DISTRICT OF COLUMBIA SUSTAINABLE ENERGY UTILITY ON WASHINGTON GAS LIGHT COMPANY'S AND POTOMAC ELECTRIC POWER COMPANY'S POTENTIAL STUDIES

Summary

The potential studies prepared on behalf of Pepco and Washington Gas Light (WGL) provide some useful information about opportunities for utility-oriented programs to reduce energy use and greenhouse gas (GHG) emissions in the District of Columbia ("District"). However, the Commission should understand that they also have limited applicability and represent a narrow lens on potential for energy and GHG reductions. As a result of numerous assumptions and modeling choices, the DCSEU's perspective is that the studies significantly underestimate the total long-term potential for energy efficiency and GHG reduction through building electrification in the District.

Application of the studies

The studies are not reflective of the potential for energy and GHG savings that could be achieved outside of the utility context for which they were prepared. For example, one level of

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savings potential common across both studies is labeled "realistic potential". That may be realistic for Pepco or WGL, but the District of Columbia Sustainable Energy Utility (DCSEU) would not consider it especially relevant to our efforts.

The studies focus exclusively on incremental energy savings beyond what is required by various codes and standards. That may be reasonable for a study focused on traditional utility program impacts, and informing prescriptive type programs that rely on Technical Resource Manual (TRM) measure calculations to determine and support claimable savings. However, codes and standards, including the District's Building Energy Performance Standard (BEPS) are designed to achieve enormous savings. DCSEU has programs that are, by law and by design, intended to help building owners achieve the energy targets in BEPS. DC law recognizes that savings do not simply materialize with the passage of a regulation, especially an ambitious, nation-leading policy such as BEPS. These studies should not, therefore, be used to estimate the savings or reductions the District can achieve from efforts to support BEPS compliance. (Customers can also achieve a benefit not included in the studies cost-effectiveness calculations: avoiding BEPS penalties up to $10/ft^2. Even if this is considered a "transfer" for the purpose of a societal cost test, it is a clear economic benefit to customers that affects their level of investment in energy efficiency.)

Because the studies assume incremental savings from codes and standards, they are also not appropriate for estimating total energy savings achievable or the GHG reduction potential compared to absolute levels of energy use or GHG emissions, which is how the District's policy objectives are formulated.

Finally, any potential study is a snapshot in time, especially when technologies, markets and policies are changing rapidly. Even the best such studies have a limited shelf-life of applicability even for the purposes with which they are commissioned.

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Limitations of both studies

Cost-effectiveness testing and exclusion of measure bundling

Perhaps the single biggest limitation of both studies is the fact that all measures included in the estimates of "economic" potential and "realistic" potential were required to be cost-effective at the individual measure level. We appreciate that this makes the study analysis much more straightforward, however this is not reflective of the regulatory regime or real world in which DC programs operate. DCSEU's efforts are required to be cost-effective at the portfolio level, and it would be expected that utility programs would be required to be cost-effective at the portfolio levels also. Real world projects include bundles of measures that are often—but not always—cost-effective in total.

Custom savings

The Pepco study approaches custom savings very differently from the DCSEU.

- "Energy efficiency programs operate differently, typically offering specifically designed prescriptive incentives for measures expected to be cost-effective on average, and a custom measure path for those that may only be cost-effective in certain applications. As such, the potential study can provide a guide for which measures to consider for inclusion in programs, particularly for prescriptive programs, but the identified cost-effective potential should not be viewed as exhaustive of all program opportunities."[1]
    - At the DCSEU, the Custom measure path is not "only... cost effective in certain applications"; it is our largest savings generating program and uses site specific equipment usage and specifications in calculations and claimable savings.

[1] P. ii of Pepco Potential Study

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- Pay for Performance or Retrocommissioning (#11[2]), which encourages owners to operate their buildings more efficiently, is a Custom program method of savings analysis that the study expects to save only 3.3% of the total MWh potential. This type of offering takes advantage of the rapidly decreasing costs and resources available to measure and change building operations over time, it can also be used to quantify savings from measures that are traditionally not as easily calculated. Therefore, the DCSEU believes that this measure can achieve a much greater amount of savings than stated in the study.

- Technical potential is not assumed to be comprehensive, and it appears that mostly common measures were assessed based on averages, not more custom applications: "the potential study can provide a guide for which measures to consider for inclusion in programs, particularly for prescriptive programs, but the identified cost-effective potential should not be viewed as exhaustive of all program opportunities."[3]
- Economic potential is limited to individual measures that are cost-effective[4], not bundles of measures that make for cost-effective projects, programs or portfolios. This is a major disconnect from how energy efficiency program regulations work in the District.

<u>Limitations of WGL gas efficiency and electrification</u>

While the DCSEU no longer supports the installation or replacement of new gas fired equipment, in line with the District's decarbonization goals, there are several large gas savings operations and maintenance measures that garner significant savings for the DCSEU. For example, steam trap maintenance and repair, a large contributor to the DCSEU's gas savings claims, is not included in the study.

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[2] Table 5-6 of Pepco Potential Study
[3] P.4 of Pepco Potential Study
[4] P. 8 of Pepco Potential Study

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Additionally, several electrification assumptions are not validated and/or use inaccurate simplifications in the analysis presented, including:

- Costly electric panel upgrades required in every case
- Electricity grid does not continue to get cleaner over time
- Average emissions rates rather than marginal emissions rates are used in efficiency program evaluation
- Customer side methane leakage is not reflected in evaluating GHG impacts of gas supplied in the District

Conclusion

The DCSEU appreciates the opportunity to comment on potential studies prepared on behalf of Pepco and Washington Gas Light (WGL) and hopes that the above comments will be taken into consideration by all readers of the studies. We continue to look forward to working with the PSC, utilities and other stakeholders to support the achievement of the District's energy efficiency and clean energy goals.

/s/ Ernest Jolly

Ernest Jolly
Managing Director
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Formal Case No. 1160 -- In the Matter of the Development of Metrics for Electric Company and Gas Company Energy Efficiency and Demand Response Programs Pursuant to Section 201 (B) of the CleanEnergy DC Omnibus Amendment Act of 2018

I certify that on this 28th day of August 2023, I caused copies of the foregoing were electronically delivered to the following:

Brinda Westbrook-Sedgwick,
Commission Secretary
Public Service Commission
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Sincerely

/s/ Ernest Jolly

Ernest Jolly
Managing Director
DC Sustainable Energy Utility
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6.5. Attachment 4 – FY22 Financial Audit

REPORT OF RESULTS OF THE

FINANCIAL AND COMPLIANCE AUDIT

OF THE

DISTRICT OF COLUMBIA SUSTAINABLE ENERGY UTILITY

FOR THE YEAR ENDED SEPTEMBER 30, 2022

F.S. Taylor & Associates, P.C.
Certified Public Accountants
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REPORT OF RESULTS OF THE FINANCIAL AND COMPLIANCE AUDIT OF THE DISTRICT OF COLUMBIA SUSTAINABLE ENERGY UTILITY FOR THE YEAR ENDED SEPTEMBER 30, 2022

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COMPREHENSIVE REPORT

OVERVIEW OF RESULTS

F.S. Taylor & Associates, P.C. (FSTA) was contracted by the District Department of Energy and Environment (DOEE) to audit the costs reported by the District of Columbia Sustainable Energy Utility (DCSEU) under the Contract between DOEE and Vermont Energy Investment Corporation (VEIC). In addition, FSTA was also required to test the DCSEU's compliance with various requirements outlined in the Contract, including whether or not established benchmarks were attained. The period under audit was October 1, 2021 through September 30, 2022.

DOEE awarded a total of $57,744,844 to the DCSEU for the year ended September 30, 2022, which was comprised of the base contract of up to $20,050,000 in reimbursable costs and up to $950,000 in performance benchmarks, as well as contract modifications for four additional programs (Solar for All, SEICBP, HVAC Replacement Program and Affordable Housing Retrofit Accelerator) for up to an additional $36,744,844. Total spending for the Contract for FY 2022 was $31,565,834, which included actual reimbursable costs and a 4% non-at-risk operations fee. In the FY 2022 Contract, $950,000 was reserved for compensation to VEIC for the attainment of certain performance benchmarks.

There is a finding related to equipment and other assets acquired under the Contract that were not properly included on the DCSEU's Asset Tracking Log; this is included as Finding 2022-001 in the schedule of findings and questioned costs. See section 4 under the FY22 Results for additional information.

RESULTS OF THE FINANCIAL AND COMPLIANCE AUDIT OF THE DISTRICT OF COLUMBIA SUSTAINABLE ENERGY UTILITY FOR THE YEAR ENDED SEPTEMBER 30, 2022

A. Background

The Clean and Affordable Energy Act of 2008 through DC Law 17-250 (CAEA, D.C. Code & 8-1773.01 et seq.) (the Act) established authority for the Mayor, through the Department of Energy and Environment (DOEE), to contract with a private entity to be known as the Sustainable Energy Utility (SEU) to administer sustainable energy programs in the District of Columbia. The Act required that the SEU conduct programs in the District to reduce energy consumption, increase renewable energy generating capacity, improve the energy efficiency and increase the renewable energy generating capacity of low-income housing, shelters, clinics, and other buildings serving low-income residents, and increase the number of green–collar jobs in the District. In addition, per the Act, the Contract for the SEU should be performance-based, and the portfolio of energy programs shall meet the societal benefit test on a contract-term basis.

The District of Columbia, through DOEE, contracted with the Vermont Energy Investment Corporation (VEIC), a non-profit organization, to provide these services in a contract dated March 24, 2011, as amended on September 2, 2011. VEIC is the prime contractor in a six-entity partnership known as the Sustainable Energy Partnership formed to manage the SEU branded as the District of Columbia Sustainable Energy Utility (DCSEU). The DCSEU's financial and accounting records for the Contract are maintained by VEIC. The original SEU Contract contained a base year ending September 30, 2011, renewable annually thereafter for up to six (6) option years.

Pursuant to changes in the Act, DOEE competitively rebidded the DCSEU Contract during Fiscal Year (FY) 2016, and subsequently entered into a new Multi-year Contract with VEIC, who emerged as the winning Offeror during the Contract rebid process. The new DCSEU Contract, which went into effect on April 5, 2017, includes a five-year base period through September 30, 2021 and an option to renew for an additional five-year period through September 30, 2026. For the year ended September 30, 2022, the Contract had a compensation structure comprised of reimbursement of actual costs incurred and a non-at-risk operations fee of 4% of the reimbursed costs as well at-risk compensation of $950,000 based on the attainment of performance benchmarks. Funding for the DCSEU Contract is provided by the Sustainable Energy Trust Fund (SETF) which is administered through DOEE.

Section 210 (c)(3) of the Act requires DOEE to commission an Annual Independent Review of the expenditures of the DCSEU and report the results to the Sustainable Energy Utility Advisory Board (SEUAB) and the Council of the District of Columbia (the Council) within six months of the end of the fiscal year. On February 23, 2023, the District of Columbia Office of Contracting and Procurement, on behalf of DOEE, contracted with F.S. Taylor & Associates, P.C. (FSTA), an independent certified public accounting firm, to perform a financial and compliance audit of DCSEU expenditures for the period October 1, 2021 through September 30, 2022.

B. Scope and Objectives

The objectives of FSTA engagement were to conduct a financial audit of all SETF reimbursement payments made to VEIC for costs incurred by the DCSEU, as well as an audit of the DCSEU's compliance with stated requirements of the Contract with the District.

The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS) as set forth by the American Institute of Certified Public Accountants and standards set forth by the U.S. General Accounting Office's *Government Auditing Standards*. These standards require that FSTA plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for the results and conclusions based on the objectives of the audit. FSTA achieved the objectives, and the results and conclusions are detailed in this report.

C. Methodology

To accomplish the audit objectives related to the DCSEU, FSTA completed the following tasks:

- Obtained an understanding of the Contract between the DOEE and VEIC in order to identify pertinent terms and requirements to be tested.
- Interviewed staff of VEIC, the DCSEU and DOEE.
- Reviewed policies and procedures related to the operations of the DCSEU.
- Conducted a remote review of original documents provided and maintained by VEIC, which is responsible for the financial management and accounting system for the DCSEU.
- Reviewed and tested monthly billings from VEIC to DOEE for arithmetical accuracy and for adequacy of supporting documentation for reported expenditures.
- Reviewed internal controls related to the accounting system for DCSEU activities to assess whether controls appeared adequate for proper accounting and reporting of expenditures incurred under the Contract.
- Reviewed and tested a sample of subcontracts for award date, signature and description of services to be provided to ensure pertinent terms of the Contracts were followed, and to verify that these subcontracts were executed and disclosed to DOEE prior to VEIC's requesting reimbursement for costs incurred.
- Tested a sample of DCSEU costs billed to DOEE for all major categories by reviewing supporting documentation including appropriate authorizing signatures for disbursements and proper cut-off within the established Contract performance period.
- Reviewed and tested pertinent compliance requirements noted in the Contract.

D. FY 2022 Results

1. General and Administrative Expenses

As outlined in Section C.36 of the Contract, effective April 5, 2017, general and administrative costs including rent, equipment, software, utilities, indirect costs, budgeting and financial management, contract management, and data collection/reporting, as well as the non-at-risk operations fee shall not exceed 20% of the annual cost reimbursement ceiling. For the Contract effective for the year ended September 30, 2022, the cost reimbursement ceiling was $20,050,000. As a result, the maximum amount of general and administrative costs allowed to be charged was $4,010,000. The actual amount of general and administrative costs charged to the Contract was $3,629,221. Since this amount was below the maximum amount allowed under the Contract, the DCSEU met the related Contract requirement.

2. Non-Incentive Costs

As outlined in Section B.8.1.1.1.4) of the Contract, non-incentive expenditures for the Solar-for-All, HVAC Replacement, SEICBP and Affordable Housing Retrofit Accelerator programs shall not exceed 20% of the awarded budgets for these programs annually. Below is a summary of the related costs incurred under the Contract for the year ended September 30, 2022:

Solar for All (SFA)	
Total reimbursable amount under the Contract	$ 14,500,000
Maximum non-incentive rate allowed	20%
Maximum non-incentive amount allowed	$ 2,900,000
Incentive costs	$ 7,389,680
Total costs	$ 8,504,735
Total non-incentive costs	$ 1,115,055
Requirement met?	YES
HVAC Replacement (HVAC)	
Total reimbursable amount under the Contract	$ 600,000
Maximum non-incentive rate allowed	20%
Maximum non-incentive amount allowed	$ 120,000
Incentive costs	$ 256,025
Total costs	$ 295,862
Total non-incentive costs	$ 39,837
Requirement met?	YES
SEICBP	
Total reimbursable amount under the Contract	$ 400,000
Maximum non-incentive rate allowed	20%
Maximum non-incentive amount allowed	$ 80,000
Incentive costs	$ 316,700
Total costs	$ 352,110
Total non-incentive costs	$ 35,410
Requirement met?	YES
Affordable Housing Retrofit	
Total reimbursable amount under the Contract	$ 21,244,844
Maximum non-incentive rate allowed	20%
Maximum non-incentive amount allowed	$ 4,248,969
Incentive costs	$ 1,104,541
Total costs	$ 1,518,933
Total non-incentive costs	$ 414,392
Requirement met?	YES

As noted above, non-incentive spending was below the maximum percentage of 20% outlined in the Contract for the specified programs.

3. Rate of Pay for Employees and Subcontractor Staff

   The Contract included an incentive to increase the number of green-collar jobs within the District. As outlined in Section A.1 of the Contract, a green-collar job is defined as any expenditures that create a job held by a District resident who is paid at least a living wage. Effective through June 30, 2022 and September 30, 2022, the living hourly wage in DC was $15.20 and $16.10, respectively. For purposes of our testing, the DCSEU provided a listing of 10 companies (including the DCSEU) and the green-collar employees reported for each company. From the listing, we selected a sample of forty (40) employees and verified that they were paid in accordance with the living wage rate effective at the time of reporting; no exceptions were noted in our testing. For the same forty (40) employees, we also verified documentation of residency within the District at the time of reporting. We noted no exceptions as a result of this testing.

4. Ownership of Materials, Data, and Products

   The Contract states that "Any logos, trademarks, databases, copyrighted material or material eligible for copyright, physical equipment, computer software purchased or developed with SETF monies, surveys, survey results, program designs, and any DCSEU work product determined by DOEE to be necessary to the success of DCSEU programs will be the property of DOEE and used only with the permission of DOEE, with the exception of Customized Software. DOEE shall have access to this data and materials during the DCSEU Contract and the Contractor shall transfer such items to the winning bidder of a future SEU Contract RFP. DOEE ownership rights may not be exclusive in the instance of materials, data or products that are purchased or developed with another entity sharing in the associated costs."

   During the course of the audit, FSTA requested a listing of such equipment, computer software, etc., as noted above. VEIC provided an Expensed Asset Tracking Log which contains all equipment, software, furniture, and fixtures purchased by the DCSEU since its inception in March 2011, with an acquisition cost over $100. The log includes a description of the asset, acquisition date, tag number, serial number, location of the item, and information related to replacement items if the asset was disposed or retired. FSTA traced a sample of equipment and other related items acquired during the year ending September 30, 2022 to the log to verify that the descriptions, costs, and other pertinent information agreed to invoices and other supporting documentation. As a result of our review, we noted two invoices with items totaling $53,810, which included furniture and equipment that we could not locate on the log. In addition, we noted that the security deposit of $99,645 related to the new lease agreement entered into during the year ended September 30, 2022 was also not included on the log. These amounts are required to be separately tracked and reported, as they are expected to be returned to DOEE at the termination of the related agreement. This will be included as Finding 2022-001 in the schedule of findings and questioned costs.

FSTA also reviewed agreements made with a sample of subcontractors to ensure that the DCSEU informed them of the above requirements related to DOEE's retaining the rights to all program-related data, materials, and equipment. For all subcontractor agreements selected for testing, FSTA noted that the subcontracts included language informing the subcontractors of the above requirements.

5. Small, Local, and Disadvantaged Business Enterprise Development and Assistance

The Contract included the following provision:

Unless the Director of the Department of Small and Local Business Development (DSLBD) has approved a waiver in writing, for all Contracts in excess of $250,000, a minimum of 35% of "contractable" expenditures, meaning the Contract amount remaining after the performance incentive and direct labor cost of DCSEU employees, shall be subcontracted to qualified small business enterprises ("SBEs"). If there are insufficient SBEs to completely fulfill the requirement, then the subcontracting may be satisfied by subcontracting 35% of the dollar volume to any qualified certified business enterprises (CBEs); provided, however, that all reasonable efforts shall be made to ensure that SBEs are significant participants in the overall subcontracting work.

For the year ended September 30, 2022, the target amount of SBE spending, based on this criteria, was $7,134,994. The DCSEU provided a schedule of total costs related to implementation subcontracts for fiscal year 2022 totaling $20,385,696, as well as identification of the SBE subcontractors on the schedule for related expenditures totaling $11,757,902. FSTA tested the accuracy of the schedule by tracing reported expenditures to supporting accounting details. For those subcontractors indicated as being a SBE or CBE, FSTA also performed testing to verify this status by searching for the subcontractor on the DSLBD's website. Based on the testing conducted, FSTA concluded that the requirement regarding SBE participation was achieved for the period ended September 30, 2022.

6. Project-related Incentive Payments

The DCSEU received reimbursement payments from DOEE for providing incentives to single-family and multi-family households, as well as to small commercial entities, to install certain energy-efficient fixtures and other measures. The energy-efficient equipment and measures to be installed under this program were to be approved by both the subcontractor performing the installation as well as by the respective DCSEU Project Manager prior to the incentive being awarded. The installation had to be documented by an inspection form certifying the project was successfully completed before the payment would be processed. For fiscal year 2022, the DCSEU expended $15,993,112 for project-related incentives. We selected a sample of 126 incentive payments made during FY 2022 and reviewed for signed completion certificates and inspection reports as evidence that the installations were performed within the required time frame, and as evidence that the DCSEU Project Manager verified that the work was properly completed. No exceptions were noted as a result of FSTA testing.

7. Subcontractor Agreements

The DCSEU works with a number of subcontractors to perform various services under the Contract including the installation of energy-saving measures, the provision of customer rebates, as well as the monitoring of compliance requirements outlined in the Contract. FSTA sampled a number of these subcontracts for various attributes including the following:

- Verified that the agreement was properly approved by VEIC/DCSEU management.
- Ensured costs were not charged to DOEE prior to the agreement being executed between the DCSEU and the subcontractor.
- Compared the total costs charged against the Contract and billed to DOEE against the maximum costs outlined in the agreement.
- Reviewed details of invoices charged against the Contract to ensure services provided agreed with those outlined in the scope of work in the agreement.

No exceptions were noted as a result of our testing.

8. Eligible Costs and Expenses

Beginning with the execution of Contract DOEE-2016-C-0002, effective April 5, 2017, the Contract outlined additional requirements regarding the types of costs that could be charged, and specifically excluded the following costs unless approved by DOEE:

- Food and beverages except as part of an employee's travel expenses
- Sponsorship of a third-party event
- Valet parking or employee/consultant parking
- Rent and utilities for employees or consultants

In addition, all travel costs had to be within the respective federal per-diem rates based on the location(s) to which employees traveled.

FSTA selected a separate sample of twenty (20) travel and other employee reimbursements charged during the year. For these transactions, we obtained the supporting invoices and other documentation to verify that they were for actual costs with adequate documentation, costs not excluded under the Contract, and costs not in excess of the federal per diem rates. No exceptions were noted as a result of our testing.

9. Low-Income Spending

Section C.40.8.3.1.1 of the Contract requires the DCSEU to "spend a minimum of 30% of the SETF funds allocated to this Contract on expenditures that increase the energy efficiency and renewable energy generating capacity of low-income housing, shelters, clinics, or other buildings serving low-income residents in the District." The DCSEU provided a detail of all expenditures designated as low-income spending for the year ended

September 30, 2022, totaling $5,810,693. FSTA also obtained a list of cost centers which the DCSEU has identified as being low-income related and verified that only these cost centers were included in the low-income expenditure detail. Based on the adjusted total spending for the year ended September 30, 2022, the minimum threshold was met; no exceptions were noted.

10. Financial Results- Summary

DOEE awarded a total of $57,744,844 to the DCSEU for the year ended September 30, 2022, which was comprised of the base contract of up to $20,050,000 in reimbursable costs and up to $950,000 in performance benchmarks, as well as contract modifications for four additional programs (Solar for All, SEICBP, HVAC Replacement Program and Affordable Housing Retrofit Accelerator) for up to an additional $36,744,844. Of this amount, a total of $31,644,422 was invoiced by DCSEU and paid by DOEE. There were also indirect cost and fringe reductions by DCSEU of $78,600, which were refunded to DOEE in March 2022. As a result, adjusted spending for FY 2022 is $31,565,834.

DC SUSTAINABLE ENERGY UTILITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

<u>FINDING 2022-001</u>
Compliance Requirement: Asset Tracking Log
Type of Finding: Significant Deficiency in Internal Control, Noncompliance

Condition/Context:
During testing over non-payroll expenditures, we noted two invoices under the Contract related to the acquisition of various pieces of equipment and furniture totaling $53,810 that were not included on the Asset Tracking Log (tracking log).

Criteria:
Section C.22 of the Contract states that "the Contractor shall provide a detailed breakdown of all logos, trademarks, databased, copyrighted material or material eligible for copyright, computer, telecom, IT, and physical equipment, computer software, surveys, survey results, and program designs purchased or developed with SETF funds or other District funds used to support this Contract. Individual items valued at least $100 need to be tracked."

Cause:
Management did not reinforce established internal controls related to the tracking of equipment and other assets purchased under the Contract.

Effect:
As a result of the finding, there is a potential for assets purchased under the Contract to not be properly returned to DOEE should the Contract be terminated and/or awarded to a new contractor.

Questioned Costs:
None noted; the items in question were properly documented by supporting invoices and were properly charged to the Contract.

Recommendation:
We recommend that management reinforce the internal controls related to the tracking of equipment and other assets purchased under the Contract and continue to update the tracking log accordingly.

Views of Responsible Officials and Planned Corrective Actions:
See Corrective Action Plans section.

DC SUSTAINABLE ENERGY UTILITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022

Corrective Action Plans

Finding Reference: 2022-001

Views of Responsible Officials and Planned Corrective Actions:

The items that were initially missing from the Asset Tracker log sent to the Auditor, were being tracked as required by the contract with DOEE. When uploading documents to the auditor portal, multiple files were formatted and consolidated, and the two items, which were at the bottom, were inadvertently left off. Historical emails were sent to the Auditor that showed that during the purchasing process and at the time payment was requested by the vendor, the items were identified as assets that needed to be tracked in Compliance with Section C.22.

Planned Corrective Actions:

The DCSEU Manager, of Financial Operations will continue the quarterly asset tracker reviews and meetings, and expand them to include IT staff, the Office Manager and Accounting staff, as needed. DCSEU Director of Finance will review the Asset Tracker quarterly, at year-end, and before audit submission.

Name of the contact person responsible for corrective action:

Angela S. Johnson, Director of Finance

Planned completion date for corrective action plan:

Ongoing and throughout the contract.

DC SUSTAINABLE ENERGY UTILITY
STATUS OF PRIOR-YEAR FINDINGS
YEAR ENDED SEPTEMBER 30, 2021

There were no FY2021 findings noted.

FINANCIAL AND COMPLIANCE AUDIT

F.S. TAYLOR & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Sustainable Energy Utility Advisory Board

Opinion

We have audited the accompanying Schedule of Total Actual Spending Summary (financial statement) of the District of Columbia Sustainable Energy Utility (the DCSEU) for the year ended September 30, 2022, and the related notes to the financial statement, which collectively comprise the DCSEU's basic financial statements as listed in the table of contents.

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the expenditures of the District of Columbia Sustainable Energy Utility for the year ended September 30, 2022 on the basis of accounting described in Note 2.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the DCSEU and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

The accompanying financial statement was prepared for the purpose of complying with the requirements of the DCSEU Contract as discussed in Note 2 and is not intended to be a presentation in conformity with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting principles generally accepted in the United States of America and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the DCSEU's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the DCSEU's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the DCSEU's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2023 on our consideration of the DCSEU's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, and Contract and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of the testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the DCSEU's internal control over financial reporting and compliance.

F. S. Taylor & Associates, P.C.

F.S. Taylor & Associates, P.C.
Washington, DC
May 5, 2023

DC SUSTAINABLE ENERGY UTILITY (DCSEU)
SCHEDULE OF TOTAL ACTUAL SPENDING
FOR THE YEAR ENDED SEPTEMBER 30, 2022

	SETF	Solar for All	HVAC	Affordable Housing Retrofit	SEICBP	2022 Total
Labor	$ 3,528,613	$ 332,250	$ 27,208	$ 687,368	$ 27,882	$ 4,603,321
Fringe	825,767	77,448	6,585	166,750	6,541	1,083,091
Incentives	6,926,166	7,389,680	256,025	1,104,541	316,700	15,993,112
Subcontractors	4,229,774	110,380				4,340,154
Materials	177,855	17,189		653	98	195,795
Telephone	21,487	9,129				30,616
Internet	6,859					6,859
Travel	22,325			6,382		28,707
Copying/printing	62,027	12,632				74,659
Postage/shipping	7,953	19				7,972
Memberships	87,677	2,640				90,317
Education/meetings	24,613	124				24,737
Equipment/software	239,399	16,162				255,561
Rent/occupancy	617,912					617,912
Other direct costs	34,186			209		34,395
Indirect	1,395,486	647,943	24,104	164,368	28,647	2,260,548
Core program support	238,701					238,701
Shared services	151,287	228,711	9,148	76,030	133	465,309
Total reimbursable expenses	18,598,087	8,844,306	323,070	2,206,301	380,000	30,351,765
Operations fee (4%)	743,922	353,772	12,923	88,252	15,200	1,214,069
Total costs billed	19,342,009	9,198,079	335,993	2,294,553	395,200	31,565,834
Adjustments						
Total actual spending	$ 19,342,009	$ 9,198,079	$ 335,993	$ 2,294,553	$ 395,200	$ 31,565,834

SEE NOTES TO SCHEDULE OF TOTAL ACTUAL SPENDING

DISTRICT OF COLUMBIA SUSTAINABLE ENERGY UTILITY
NOTES TO SCHEDULE OF TOTAL ACTUAL SPENDING SUMMARY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

NOTE 1 – ORGANIZATION AND BACKGROUND

The Clean and Affordable Energy Act of 2008 through D.C. Law 17-250 (CECA, D.C. Code & 8-1773.01 et seq.) (the Act) established authority to Contract with a private entity to be known as a Sustainable Energy Utility (SEU) to administer sustainable energy programs in the District of Columbia. The Act required that a Sustainable Energy Utility conduct programs in the District of Columbia to reduce per-capita energy consumption, increase renewable capacity, reduce the growth of peak energy demand, improve the energy efficiency of low-income housing, reduce the growth of energy demand of the largest energy users, and increase the number of green–collar jobs in the District.

Pursuant to changes in the Act, DOEE competitively rebidded the DCSEU Contract during Fiscal Year (FY) 2016, and subsequently entered into a new Multi-year Contract with VEIC, who emerged as the winning Offeror during the Contract rebid process. The new DCSEU Contract, which went into effect on April 5, 2017, includes a five-year base period through September 30, 2021 and an option to renew for an additional five-year period through September 30, 2026, which was exercised. For the year ended September 30, 2022, the Contract had a compensation structure comprised of reimbursement of actual costs incurred and a non-at-risk operations fee of 4% of the reimbursed costs as well at-risk compensation of $950,000 based on the attainment of performance benchmarks. Funding for the DCSEU Contract is provided by the Sustainable Energy Trust Fund (SETF) which is administered through DOEE.

The DCSEU's financial and accounting records are maintained by VEIC. DCSEU costs are reported as program costs in VEIC's audited financial statements.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting – Expenditures are expenses and costs related to certain assets. Expenses have been reported on an accrual basis such that expenses are recorded based on when the obligation is incurred. The costs related to certain assets such as furniture and equipment, security deposits, and inventory have been included in expenditures and were not capitalized; such accounting for these assets is not in accordance with generally accepted accounting principles.

Basis of presentation – The financial statement is presented for the purpose of reporting expenditures for the DCSEU, which is a program of VEIC. The financial statement presentation is not intended to be in accordance with generally accepted accounting principles.

NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Concentration of funding – The DCSEU received 64% of its funding from the Sustainable Energy Trust Fund which is administered through DOEE. The remaining 36% was provided through the American Rescue Plan Act (ARPA).

Subsequent events – In preparing this financial statement, management of the DCSEU evaluated events and transactions that occurred after September 30, 2022, for potential recognition or disclosure in the financial statements. These events and transactions were evaluated through May 5, 2023, the date that the financial statements were available to be issued.

NOTE 3 – RELATED-PARTY TRANSACTIONS

VEIC is the prime Contractor in a partnership known as the Sustainable Energy Partnership formed to manage the SEU branded as the District of Columbia Sustainable Energy Utility (DCSEU). Teaming partners provide various services to the DCSEU, and are paid, accordingly, as subcontractors for these services. Amounts paid to the various teaming partners and charged to the Contract for the year ended September 30, 2022 were as follows:

Teaming Partner	FY22 Expenditures
Institute for Market Transformation, Inc.	$ 217,867
PEER Consultants, P.C.	1,097,743
Total paid to teaming partners	$ 1,315,610

NOTE 4 – SHARED SERVICES

The shared services center, which was set up by VEIC with the goals of efficiency and centralization in pursuit of cost containment is a cluster of departments comprised of the following that benefit the Contract:

- Consulting
- Evaluation, measurement and verification
- Information and technology
- Customer service and development
- Marketing
- Policy and public affairs
- Business solutions group
- Public relations and internal communications
- Strategic technology services
- Reporting and analytics
- Engineering

NOTE 5 – ALLOCATED GENERAL AND ADMINISTRATIVE EXPENSES

These are organization-wide costs that are related to the Contract but cannot be directly traced to it in an economically feasible way. These costs have been allocated to the Contract on the basis of a provisionally established two-tier rate structure that distinguishes fringe benefits from other general and administrative costs. The DCSEU applied the following provisional rates during the year:

Period	Description	Rate	Allocation Base
10/01/2021 - 12/31/2021	Fringe benefits rate	38.83%	Direct labor costs
10/01/2021 - 12/31/2021	General and administrative (indirect cost) rate	9.12%	Total direct costs
01/01/2022 - 09/30/2022	Fringe benefits rate	24.30%	Direct labor costs
01/01/2022 - 09/30/2022	General and administrative (indirect cost) rate	8.30%	Total direct costs

During the course of the year, the DCSEU recovers fringe benefits and general and administrative costs associated with the Contract pursuant to the provisional rates, which it negotiates annually with VEIC's cognizant agency, the U.S. Department of Energy. The rates outlined above were based on budgeted data for the year. At year end, the DCSEU secures approval of a final rate that is not subject to adjustment, whereby unrecovered costs based on the differential between final and provisional rates are absorbed by the DCSEU, while costs recovered in excess of historical costs are not subject to reimbursement. The DCSEU employs these costs as a baseline for computing fringe benefits and general and administrative rates for the immediately succeeding year.

NOTE 6 – OPERATIONS FEE

The Contract provides for a non-at-risk operations fee of 4 percent of all reimbursed costs.

NOTE 7 – CONTINGENCIES

Contract funds require the fulfillment of certain conditions set forth in the underlying agreement. Failure to fulfill or comply with the conditions could result in the return of funds to DOEE and the termination of the Contract. Although this is a possibility, the DCSEU's board of directors considers the possibility remote since, by accepting the funds, they have accommodated the objectives of the DCSEU to the provisions of the Contract. Amounts received under the Contract are subject to audit and adjustments by DOEE. Any disallowed costs, including amounts already collected, may constitute a liability for the DCSEU. The amounts, if any, of expenditures, which may be disallowed by DOEE, are recorded at the time that such amounts can be reasonably determined, normally upon notification by DOEE.

In the ordinary course of business, the DCSEU may be subject to litigation for which it carries professional and general liability coverage. The insurance program is designed to provide protection to the DCSEU from such liabilities on a claims-made basis. Professional liability claims may be asserted arising from services provided to clients in the past. Management is unaware of any claims made against the DCSEU.

F.S. TAYLOR & ASSOCIATES, P.C.
CERTIFIED PUBLIC ACCOUNTANTS & MANAGEMENT CONSULTANTS

1420 N Street, N.W., Suite 100 / Washington, D.C. 20005 / 202/898-0008 Fax 202/898-0208

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To Sustainable Energy Utility Advisory Board

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of the District of Columbia Sustainable Energy Utility (the DCSEU) for the year ended September 30, 2022, and the related notes to the financial statement, which collectively comprise the DCSEU's basic financial statements, and have issued our report thereon dated May 5, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the DCSEU's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the DCSEU's internal control. Accordingly, we do not express an opinion on the effectiveness of the DCSEU's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the DCSEU's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2022-001.

DCSEU's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the DCSEU's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The DCSEU's response was not subjected to the other auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on the response.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

F. S. Taylor & Associates, P.C.

F.S. Taylor & Associates, P.C.
Washington, DC
May 5, 2023

6.6. Attachment 5 – DCSEU FY23 Outreach Summary

DC
SUSTAINABLE ENERGY
UTILITY

DCSEU Community Outreach Activities

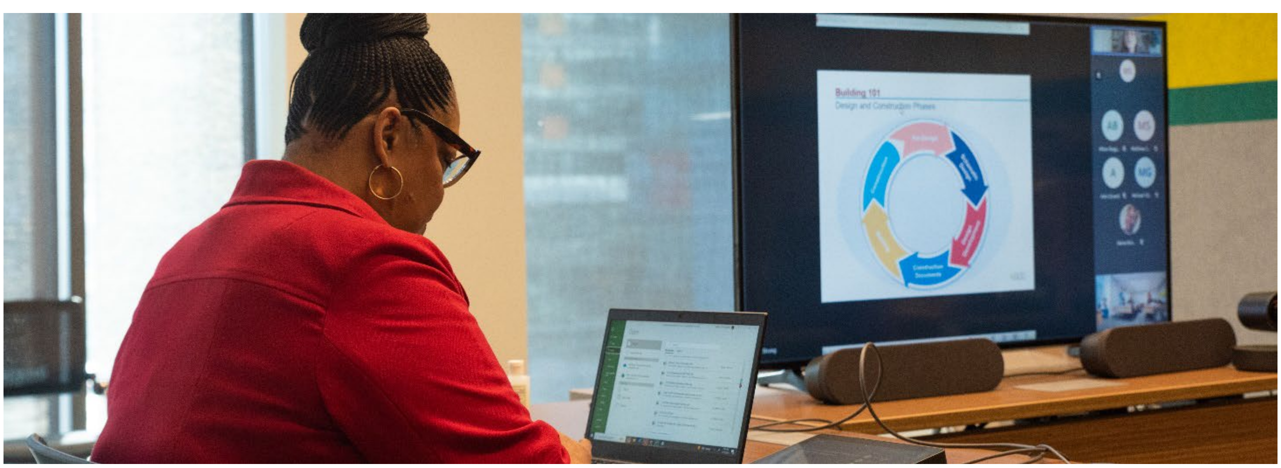
Fiscal Year 2023, 1st, 2nd, 3rd, and 4th quarters

Outreach Quarter Highlights

Q1 - Government Officials, Business Leaders, & KIPP Students Tour Brentwood Reservoir Community Solar Project in Progress: Representatives from District government, the business community, and KIPP DC College Prep High School students gathered to preview the DC Water Brentwood Reservoir Community Solar installation that was under construction. The community solar project led by NHT Ingenuity Power (a joint venture of National Housing Trust and Urban Ingenuity) at DC Water's 25-million-gallon Brentwood Reservoir, is one of the largest in the District and will provide bill credits to more than 500 income-qualified families through Solar for All when complete.

DC SUSTAINABLE ENERGY UTILITY

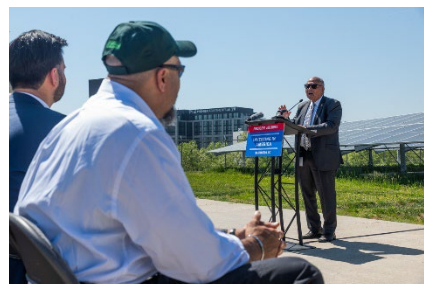
Q2 - Washington Informer Spotlight, DCSEU Workforce Development (WFD) Program: The Washington Informer spotlights the DCSEU Workforce Development Program and its impact on DC residents and the local green workforce. WFD Program Manager, Gleniss V. Brown Wade, DCSEU Training Coordinator, Yolanda Hayden, and 2023 Winter-Spring Cohort Graduates, Rolanda "Vicky" Washington and Jack Sullivan are featured.

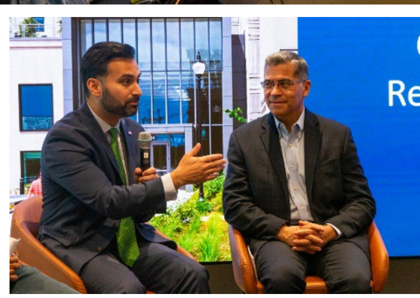


DC
SUSTAINABLE ENERGY
UTILITY

Q3 - Earth Day Solar Celebrations with US Department of Energy, US Department of Health and Human Services, and Langley Elementary School: The DCSEU supported community solar site tours for Earth Day 2023 with U.S. Secretary of Energy, Jennifer Granholm, and U.S. of Health and Human Services, Xavier Becerra. The U.S. Department of Energy used this event at Brentwood Reservoir CREF site as a backdrop to honor 5 winners of the Sunny Awards for Equity Community Solar and to announce over $8 billion in funding for their Community Power Accelerator. The U.S. Department of Health and Human Services toured the labs and largest solar canopy and CREF site in the District at Children's National Research and Innovation Campus. This culminated in panel discussion about intersections between health outcomes and energy. The DCSEU also presented on solar energy in DC to two 5th grade science classes at Langley Elementary School which has become somewhat of an annual tradition between the school and the DCSEU.






DC
SUSTAINABLE ENERGY
UTILITY

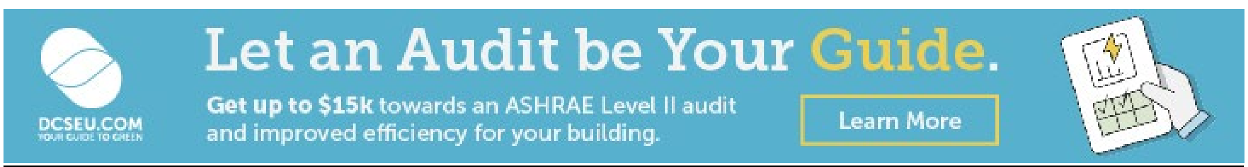
Q4 - CBE Green Industry Rally Day: The DCSEU co-hosted a CBE Green Rally event with DSLBD to engage and educate approximately 75 CBEs in DCSEU contracting, training and workforce development opportunities. 9 DCSEU staff participated in either the presentation to all attendees or in 5 separate match making tables with the following topics: Workforce Development and Training, Commercial and Multifamily Direct Services, Single-Family Direct Services, Energy Auditing and Solar Design and Installation, and DCSEU Trade Ally Manager 1-on-1 Discussions.

DC SUSTAINABLE ENERGY UTILITY

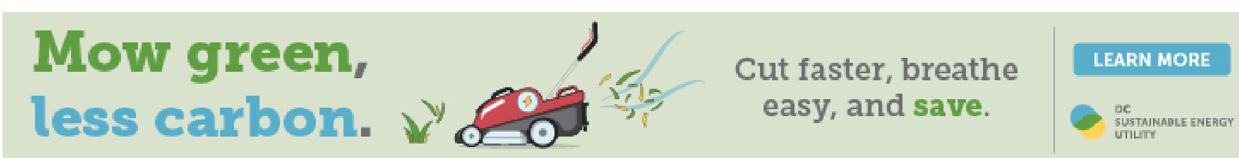
Brand, Website, and Campaign Highlights:

New Brand, New Site – Throughout the Fiscal Year the DCSEU Marketing team worked on the new DCSEU website and updated brand identity. Phase 1, content strategy, and Phase 2, wireframing and creating designed mockups of site pages, of website development were completed in full. Phase 3 of the new website, front-end development, officially began in August. Front-end development consists of creating the visual and interactive elements of a website or web application that users see and interact with using web languages like HTML, CSS, and JavaScript. DCSEU staff, DOEE staff, and close external partners, agencies, and contractors completed the brand feedback survey initiative to gather feedback on the development of the new DCSEU brand and website as well.

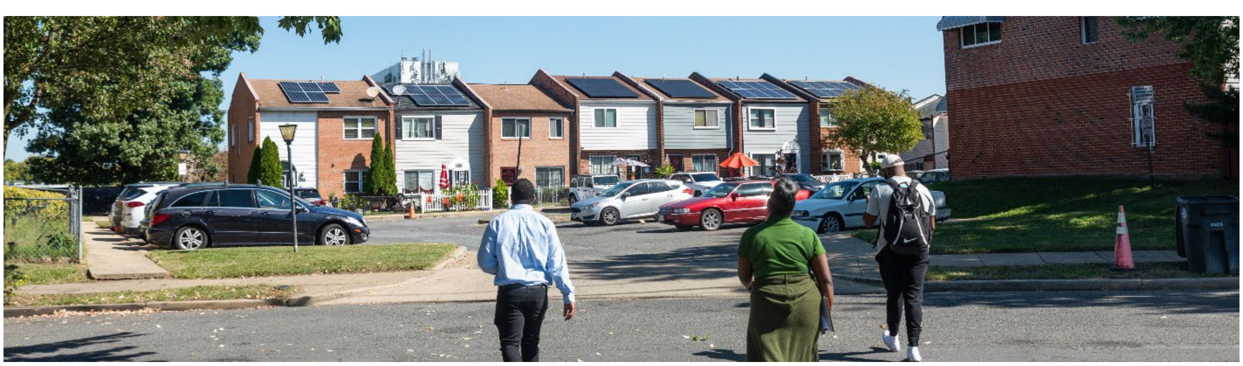
"Let an Audit be Your Guide" Audit Incentive Offer - To assist buildings with navigating DC's Building Energy Performance Standards (BEPS) and uncover savings opportunities, we launched the Commercial Audit Incentive in February. Advertising and promotion of this offer were done through BISNOW advertising and sponsored events, LinkedIn, and Google Ads.



Electric Lawn Care Campaign - In May residential and commercial electric lawn mower rebates were increased for the spring and summer. The DCSEU Marketing team to promote the enhanced rebates through Backyard Bubble Demos with Clean Air Partners at local Ace Hardware stores, a presentation with MWCOG to the University of the District Columbia's Master Gardeners about air quality and electric lawn care, and advertisements with DCist, Clear Channel Outdoors, PoPville, Washington Informer, and Washington Blade.



Solar for All Campaign and Canvassing - the DCSEU Marketing team delivered nearly 300 promotional letters to DC residents in the Columbia Heights and Petworth neighborhoods in Q1 of FY23 who receive the senior homestead tax deduction alerting them to their potential eligibility for the Solar for All and HVAC Replacement programs (continuing the letters sent in FY 2023 to Barnaby Terrace, River Terrace, Congress Heights and Deanwood resident). DCSEU Staff also supported canvassing the all the previously mentioned neighborhoods in FY 2023.



DC SUSTAINABLE ENERGY UTILITY

FY23 Outreach and Events List

October 1 Open Streets DC Georgia Avenue: The DCSEU joined other DC agencies to talk to DC residents and businesses about programs and services.

October 5 Energy Efficiency Day at Southwest Library: The DCSEU joined: the PSC, Office of the Tenant Advocate, Pepco, DOEE, Office of the People's Counsel, and Groundswell to celebrate energy efficiency day and to talk to DC residents about DCSEU programs and services.

October 5 Coalition for Nonprofit Housing and Economic Development (CNHED) Equitable Communities Conference and Reception: The DCSEU attended CNHED's first workforce development conference in the District and participated in workshops related to constituency engagement and curricula development.

October 12 DC Green Building Advisory Council (GBAC): The DCSEU presented DCSEU's Community Impact Programs focusing on Workforce Development and Train Green opportunities in which GBAC members can participate and assist with promotion.

October 11-12, 25-26 Solar for All and HVAC Replacement Canvassing: After sending a mailer to 304 DC residents who receive the senior Homestead Tax deduction alerting them to the Solar for All and HVAC Replacement programs, the DCSEU canvassed through Barnaby Terrace, River Terrace, Congress Heights and Deanwood to follow up with residents that received the letter.

October 19 Department of Small and Local Business Development District Connect: The DCSEU spoke on a panel about CBE opportunities to work with the DCSEU and market opportunities in clean energy, and connected with CBEs at its exhibit table.

October 26 USGBC National Capital Region City Ridge Tour: The DCSEU participated in a site tour of the City Ridge development to engage developers and sustainability consultants in discussions about the project and the DCSEU's services.

November 5 DC Open Streets Wisconsin Avenue: The DCSEU exhibited at the District Department of Transportation's Open Streets DC event on Wisconsin Avenue, reaching out to mostly residential customers about rebates and programs. The DCSEU reached approximately 100 customers during the event.

November 8 Sustainable DMV: The DCSEU Community Impact staff networked with approximately 75 local sustainability professionals to discuss BEPS, benchmarking, and utility purchasing at a one-off Washington Business Journal event hosted by Gensler.

DC SUSTAINABLE ENERGY UTILITY

November 9 Greater Washington Regional Clean Cities Coalition (GWRCCC): The DCSEU Workforce Development Team attended and recruited candidates for the FY 2023 Winter Cohort.

November 10 Inflation Reduction Act (IRA) Implementation Collaborative Kickoff: The DCSEU attended this event hosted by ACEEE, RMI, and the National Housing Trust where national and local organizations discussed how they could collaborate on IRA implementation and support for affordable housing upgrades.

November 15 DMV Divide: Workforce Development: DCSEU Community Impact staff participated in a lively discussion with audience of approximately 80 individuals of regional workforce development needs and challenges about commercial real estate, construction, hiring and professional development.

November 16 Jobs Not Guns Career Fair: The DCSEU Workforce Development Team attended and recruited candidates for the FY 2023 Winter Cohort at Turkey Thicket Recreation Center.

November 18 Jobs Have Priority Career Event: The DCSEU Workforce Development Team attended and recruited candidates for the FY 2023 Winter Cohort at 810 Potomac Avenue SE.

December 3 DC PSC Winter Ready Event Benning / Dorothy I. Height Neighborhood Library: DCSEU staff set up alongside PSC staff to distribute materials and information about DCSEU programs to residents.

December 7 DC PSC Winter Ready Event Southwest Neighborhood Library: DCSEU staff set up alongside PSC staff to distribute materials and information about DCSEU programs to residents.

December 9 Community Service Day Bread for the City: DCSEU staff volunteered at Bread for City, packing more than 800 bags of food for DC residents served by Bread for the City.

December 14 ASHRAE National Capital Chapter December Meeting: DCSEU staff attended the first in-person meeting of the local ASHRAE chapter in two years to preview a potential ASHRAE 211 Energy Auditing course for the Train Green program and connect with over 100 local energy professionals on DCSEU programming.

DC SUSTAINABLE ENERGY UTILITY

December 14 DCSEU Health Care Roundtable: DCSEU staff hosted a Healthcare Roundtable to present and facilitate peer exchange regarding DC policy updates (BEPS, Net Zero New Construction Codes), federal updates (Infrastructure Investment and Jobs Act, Inflation Reduction Act of 2022),and DCSEU program updates. Staff members from local health care organizations attended the session. DOEE staff provided BEPS updates.

December 15 DCSEU University Roundtable: DCSEU staff hosted a University Roundtable to present and facilitate peer exchange regarding DC policy updates (BEPS, Net Zero New Construction Codes), federal updates (Infrastructure Investment and Jobs Act, Inflation Reduction Act of 2022), and DCSEU program updates. The University roundtable had 17 attendees representing six universities. DOEE staff provided BEPS updates.

December 15 AESP Mid-Atlantic Regional Chapter Webinar Working on Workforce Development: DCSEU staff attended the webinar to gain knowledge and insights from other workforce development program operators from around the country, including groups in New York, Massachusetts, and Oregon.

December 19 Brentwood Reservoir Solar for All Community Solar press event: The DCSEU hosted a media event with DOEE, DC Water, National Housing Trust/Urban Ingenuity, and NEO to recognize the unique and large community solar installation in progress. The team also invited KIPP College Prep high school students to attend and tour the site.

December 20 DC PSC Winter Ready Event at Woodridge Neighborhood Library: DCSEU staff set up alongside PSC staff to distribute materials and information about DCSEU programs to residents.

January 12 KIPP DC Career Networking Event: The DCSEU served as a panelist on virtual to an audience of approximately 125 students and professionals regarding career opportunities in clean energy, and worked one-on-one with students to discuss career opportunities.

January 17-19 RE+ Community Solar Power Summit, U.S. Department of Energy National Community Solar Partnership Annual Summit: DCSEU Solar for All staff attended multi-day conference to accept the Sunny Awards for Community Solar Grand Prize award on behalf of the Solar for All program and connected with and learned from industry members and other solar program administrators from across the U.S. on best practices in program design.

January 18 DC Clean Energy Summit: The DCSEU's Managing Director participated on the Affordability Panel and was interviewed by news media and the PSC for its event recap video. DCSEU staff networked with key stakeholders from DC and the region in the energy space.

DC SUSTAINABLE ENERGY UTILITY

January 24 Clean Energy DC 2.0 Stakeholder Kickoff Meeting: DCSEU staff attended DOEE's presentation to inquire about role of incentives and partners in plan development.

January 27 Better Together Clergy Meeting: The DCSEU presented its programs to clergy who have a pipeline of worship facilities, community centers, and affordable housing.

February 3 NDS Construction Consortium's CBE/Small Business Program: Presented to NDS Construction Consortium, a woman-owned, veteran-owned, and service-driven construction collaboration.

February 7 U.S. Department of Energy Better Buildings Workforce Accelerator Partner Quarterly Call: The DCSEU's Workforce Development and Train Green Program Managers presented their programs at the request of project administrators to a group of 35 workforce development professionals from across the country.

February 22 Commercial Audit Incentive Contractor Info Session: As part of the launch of the Commercial Audit Incentive the DCSEU invited potential auditing contractors to learn about becoming a DCSEU Participating Auditor, with 23 individuals attending the webinar.

March 1 Green Jobs Summit: DCSEU representatives participated in all day summit of DC agencies working to connect approximately 40 agency staff to identify roadblocks and solutions to building the District's clean energy workforce.

March 3 Riverfront PUD Interagency Meeting

March 8-10 NAHMA Top Issues in Affordable Housing Winter Meeting 2023

March 22 NFMT Baltimore: The DCSEU's Workforce Development Manager connected with approximately 30 vendors working in DC's building industry regarding training, WFD and contracting opportunities.

March 28-29 Montgomery County Energy Summit: The DCSEU's Workforce Development Manager connected with approximately 20 vendors working in DC's building industry regarding training, WFD and contracting opportunities.

March 29 Town Call with Anacostia Coordinating Council: DCSEU's Managing Director and Programs Team presented information about rebates, Solar for All, and the HVAC replacement program.

April 5 Green Building Advisory Council Meeting Presented commercial and multi-family incentive programs to the council.

April 5 Bi-Monthly GBAC Meeting: The DCSEU presented current program offerings and training opportunities to approximately 30 local green building professionals and DC agency staff.

April 12 Workforce Development Program Annual Alumni Day: Alumni Day occurs annually. Four to six (4 - 6) Alumni from previous cohorts return to share their experiences while in the program. They share where they are currently employed as well through their stories and experiences during the program and post-graduation as to help motivate current externs.

April 20 Wesley Housing's Ribbon Cutting Ceremony at The Hampshires The DCSEU team attended the ribbon cutting ceremony for the property will receive DCSEU incentives for energy efficiency measures and renewable energy.

April 20 Earth Day Solar Site Tour with United States Secretary of Energy The DCSEU and our partners met with U.S. Secretary of Energy Jennifer Granholm to give her and her team a tour of the Brentwood Solar CREF site. The U.S. Department of Energy used this event as a backdrop to honor 5 winners of the Sunny Awards for Equity Community Solar. The District's Solar for All program was one of the award recipients.

April 21 Earth Day Solar Site Tour with United States Health and Human Services Secretary The DCSEU and our partners toured Children's National Research and Innovation Center, a host site for a Solar CREF, with U.S. Secretary of Health and Human Services Xavier Becerra. The event also included a panel discussion which DCSEU Managing Director Ernest Jolly sat on along with VEIC COO Lou Hutchinson.

April 26 USGBC MD, NCR, and VA: Government Decarbonization Summit Community Impact staff attended USGBC MD, NCR, and VA: Government Decarbonization Summit to connect with 10 local building agency staff from DOEE, Montgomery County, Arlington, Fairfax and Alexandria, as well as DOE representatives to share updates on DCSEU programs.

April 28 Earth Day Solar Demo at Langley Elementary The DCSEU marketing and solar for all teams presented a solar demo for two 5th grade science classes at Langley Elementary. The demo included a presentation and the students got the chance to try smore's made from a DIY solar cooker.

April 29 DC OPC Youth Climate Summit The DCSEU program and AM team members tabled at OPC Youth Climate Summit at Catholic University of America to engage approximately 50 high school and college age students in local WFD and training opportunities with DCSEU.

April 29, 30 Backyard Bubble Demo with Clean Air Partners The DCSEU partnered with Clean Air Partners for two events at local Ace Hardware stores to promote electric lawn equipment during Air Quality Awareness Week. The DCSEU joined DOEE at both events.

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May 8 National Association Workforce Development Professionals (NAWDP) 2023 Annual Conference New Orleans, LA The Workforce Development team attended several WFD workshops during the 3-day conference. The theme for the conference was: "Unmasking the Potential". Topics included: Collective Impact Approach, How to Effectively Communicate and Engage with Youth, the 3 Rs Working with Returning Citizens, Older Workers: The Answer to worker shortage, using your voice Motivate as well as the Region 3 meeting (DC, DE, MD, PA VA and WV). It was an amazing conference! Great presenters from across the country.

May 11 USGBC NCR: Powering the Future - DC Solar Regulations and Implementation The DCSEU team presented DCSEU solar programming at NCR event to approximately 30 attendees from commercial real estate community.

May 16 DCIA Hiring Fair Hosted a table at the DCIA hiring fair to share DCSEU workforce development and training opportunities to approximately 50 local job seekers.

May 16 Better Buildings Workforce Accelerator Workshop: Program Design and Evaluation Participated in DOE workshop to share DCSEU's approach to workforce program design with approximately 5 DOE staff and 40 attendees from around the country.

May 17 Advanced Energy Group Electrification Action Challenge Managing Director Ernest Jolly sat on the Building Electric Commitments Panel along with fellow leaders in the District's clean energy transition.

May 24 Green Buildings: An Innovative Path to NetZero Shared DCSEU programs with local contractors, advocates and DC agency staff with approximately 50 building industry professionals at the British Embassy event hosted by the Building Innovation Hub.

May 24 Langley Elementary STEM Fair 6 DCSEU staff members served as judges for the Langley Elementary inaugural STEM fair. Student Pre-K through 5th grade participated in the fair where they presented science projects and their results to the judges.

May 24 Groundswell DC Solar for ALL Live Q&A DCSEU Marketing Manager Kalen Roach served as a panelist along with Groundswell team members to discuss ways residents can save on their electricity bills in the District.

June 7 Green Building Advisory Council Meeting The Account Management Team and Patti Boyd shared the latest on DCSEU audit program, AHRA and Train Green offerings to typical audience of 25 local agency and NGO staff.

June 8 Bisnow Event: Office to Residential Conversions Three DCSEU staff engaged about 100 attendees of a CRE, construction and financing at the Office to Residential Conversions event.

June 14 DCSEU Multifamily Roundtable The DCSEU hosted a roundtable with the Building Innovation Hub for multifamily owners on BEPS-related capital improvement challenges and solutions unique to multifamily buildings, DCSEU incentive and audit offerings, workforce development and training opportunities to 30 attendees.

June 14 Clean Energy Jobs & Workforce Accelerator Program Workshop The DCSEU participated in stakeholder input session on the Clean Energy Jobs & Workforce Accelerator, a potential new workforce program aimed at ensuring historic investments in clean energy result in high-quality, accessible careers.

June 14 Ribbon Cutting Ceremony for NHP Foundation Project The DCSEU participated in ribbon cutting ceremony for NHP Foundation's new development at 17 Mississippi Ave SE and Sycamore & Oak's community event.

June 27 Bisnow State of the Market Hosted exhibit table at Biznow annual event discussion of market conditions with a focus on revitalizing downtown amidst remote working schedules and record vacancy. Engaged approximately 125 attendees on commercial incentive programs, energy audit incentive and workforce development opportunities.

July 12 CBE Green Industry Rally Day Successfully co-hosted a CBE Green Rally event with DSLBD to engage and educate approximately 75 CBES in DCSEU contracting, training and workforce development opportunities.

July 13 34 Fifty Apartments Groundbreaking Ceremony Neighborhood Development (NDC) groundbreaking ceremony for 3450 Eads St NE with representing agencies: DHCD, DCHFA, Councilmember Gray, and others.

July 18 Senior Chief Engineers Meeting Presented at the Cushman & Wakefield DMV Senior Chief Engineers Meeting, global commercial real estate company with portfolio of buildings in DC.

July 19 University of the District of Columbia Master Gardener Webinar Organized and presented with Clean Air Partners about air quality and the benefits of electric lawn care and electric lawn care rebates to master gardeners at UDC.

July 20 Power on the Block: Copeland Manor Attended DOEE's and NHT's Power on the Block event at Copeland Manor Apartments to share more information about DCSEU workforce development opportunities and program for low-to-moderate income DC residents.

July 20 DC Safe Space Ribbon-Cutting DC Safe, the District's 24/7 crisis center revealed it's new, energy efficient building for housing domestic violence victims.

July 20 Income Qualified Efficiency Fund FY24 Info Session The DCSEU hosted the first of two IQEF info sessions to explain the application process for FY24. 19 attended and 48 registered.

July 27 A Midsummer Night's Green USGBC National Capital Region's annual A Midsummer Night's Green celebration of the D.C. metro green building community. DCSEU was awarded the 2023 Community Impact Award.

August 2 DC Green Building Advisory Council DCSEU staff presented on latest incentive and Train Green updates.

August 2 Egyptian Delegation Visit: Meridian International Hosted a delegation of 5 Egyptian nationals in the international energy industry on behalf of Meridian International and the US State Department to learn about the DCSEU.

August 18 August 2 Excalibur Career Fair Yolanda Hayden and Shiree Briscoe attended the career fair and tabled for Workforce Development recruitment.

August 8 DOEE's Solar 101 with Energy Sage DCSEU Solar Team joined and presented about Solar for All Single-Family and HVAC Replacement.

August 10 Festival Center Solar Ribbon Cutting Crystal McDonald, Director of Account Management and Workforce Development, provided remarks at the ribbon cutting for their solar system for which the DCSEU provided incentives.

August 17 Power on the Block: Monseñor Romero Apartments Tabled with DOEE at National Housing Trust's (NHT) Power on the Block event. Supported with information about Workforce Development, Train Green, Solar for All, and HVAC Replacement programs.

August 26 Central Community Development Corporation (CDCC) Family Resource Center Open House Tabled with information about Solar for All Single-Family, residential rebates, and HVAC Replacement. The CCDC also does business as the Congress Heights Art & Cultural Center in Ward 8.

September 7 Income Qualified Efficiency Fund FY24 Info Session #2 The DCSEU hosted the second of two IQEF info sessions to explain the application process for FY24. 20 Attended, 34 Registered.

September 13 FY23 Spring/Summer Workforce Development Program Cohort Graduation The Workforce Development program celebrated the graduation of 23 externs from the Spring/Summer cohort.

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September 12-15 Maryland-District of Columbia Utilities Association Fall Conference Managing Director, Ernest Jolly, represented the DCSEU on a panel focused on workforce development alongside Kristen Bucher, BGE Corporate Community Impact Mgr. of Workforce Development and Korey R. Gray, DC Water Vice President, Contract Compliance.

September 15 National Sierra Club Board Brentwood Reservoir Community Solar Site Tour James Clarke, DCSEU Solar Program Portfolio manager, Josh Wink, DCSEU Solar Associate Program Manager, and Ben Burdick, Senior Director of Operation were invited to participate in a tour of the Brentwood Reservoir Community Solar Site for the board members of Sierra Club national hosted by Urban Ingenuity/Working Power alongside representatives from DC Water and DOEE.

September 22 Fairmont Hotel Sustainability Fair The DCSEU tabled at the annual sustainability fair showcasing all residential and workforce development programs.

September 25 U.S. Department of Energy 50001 Ready National Awarding Ceremony The U.S. Department of Energy's Building Technology Office Director, Mandy Mahoney, alongside DCSEU Managing Director, Ernest Jolly and DOEE Building Performance & Enforcement Branch Chief, Katie Bergfeld presented the 50001 Ready status national awarding to two Housing Help Plus multifamily buildings and the Van Ness North Cooperative.

September 26 Greenbuild 2023 DC's BEPS Affordable Housing Retrofit Accelerator Panel DCSEU Retrofit Accelerator Program Portfolio Manager, Philip Haddix along with representatives from DOEE (Building Performance & Enforcement Branch Chief, Katie Bergfeld), DC Green Bank (Investment Manager, Gabriela Kluzinski), and Tower Companies (Director of Sustainability, Luke Lanciano) shared information about DC's Building Energy Performance Standard and how the Affordable Housing Retrofit Accelerator ensures equitable outcomes.

September 27 International Delegation Visit and Community Solar Site Tour: Meridian International Hosted an over 20-person international delegation of government, non-profit, and private sector professionals in the energy industry on behalf of Meridian International and the US State Department to learn about the DCSEU and tour the Brentwood Reservoir Community Solar site with DOEE.