

February 19, 2026

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

RE: FY24/FY25 Annual Report of the DC 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 2024 and 2025 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. The Board understands that the 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.

Please note, the Board did not have an Evaluation, Measurement, & Verification (EM&V) report for Fiscal Year 2024 (FY24) and FY25 to verify the attainment or non-attainment of the DCSEU performance benchmarks. This report is based on tracking information provided by the DCSEU.

Please feel free to contact me at the 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,



Jamal Lewis
Chair, DCSEU Advisory Board
jamaljlewis@outlook.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 2024 & 2025 Report

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1. Executive Summary & Introduction

The DCSEU Advisory Board (Board) met monthly with representatives from the DC Sustainable Energy Utility (DCSEU) and Department of Energy and Environment (DOEE) to receive updates on DCSEU programs, review performance, and discuss opportunities for improvement.

The Board communicates DCSEU's successes and needs to the Council by providing testimony to the Council's Committee on Transportation and Environment. The Board testified at DOEE's FY24 oversight hearing on February 21, 2025,¹ submitted responses to Council's oversight hearing follow-up questions on March 24, 2025,² and testified at DOEE's budget oversight hearing on June 13, 2025.³

FY24 and FY25 marked the third and fourth years of DCSEU's five-year contract. In preparation for the next contract cycle, the Board reviewed current performance benchmarks and submitted benchmark recommendations to DOEE for consideration in the next DCSEU contract.⁴

The DCSEU manages over a dozen different programs, funded through the core Sustainable Energy Trust Fund (SETF) fees collected from utility bills. These programs are evaluated using the performance benchmarks identified in the contract. In addition, the DCSEU received additional funding to operate several other high-profile programs, such as the Affordable Housing Electrification Program (AHEP), Affordable Housing Retrofit Accelerator (AHRA), and Solar for All (SFA). These programs that are not funded by SETF, are not subject to the contract performance benchmarks.

The Board did not have an Evaluation, Measurement, & Verification (EM&V) report for FY24 or FY25 to verify the attainment of DCSEU's performance benchmarks. Based on reporting from the DCSEU, the organization is on track to meet the cumulative benchmarks, apart from the deep energy retrofit goal. At the end of FY25 the DCSEU completed 16 deep retrofits, which is 26% of the maximum goal of 60. The DCSEU exceeded the annual green collar jobs target and met the minimum annual low-income spend for both fiscal years.

The Board looks forward to continuing its collaboration with DCSEU, DOEE, and the Council to ensure DCSEU remains well-positioned to fulfill its mission of delivering clean, affordable, and equitable energy to businesses and residents across the District of Columbia.

¹ See attachment 1 for testimony.

² See attachment 2 for response.

³ See attachment 3 for testimony.

⁴ See attachment 4 for benchmark recommendations.

2. Summary of 2024-2025 Activities and Priorities

2.1. Key Activities of the DCSEU in FY24 and FY25

As outlined in the Clean and Affordable Energy Act of 2008, D.C. Official Code § 8-1774.03⁵ (CAEA), the Board is charged with providing advice, comments, and recommendations to DOEE and Council regarding the procurement and administration of DCSEU's contract and advice on DCSEU's performance.

The Board met 18 times in FY25, including eight special meetings. All FY25 convenings were held virtually via Microsoft Teams except for two meetings which had an in-person option for Board members to better get to know one another and DCSEU staff. Table 1 in the appendix lists the current Board members and number of meetings attended.

DOEE is working with the Mayor's Office on Talent and Appointment (MOTA) to fill the vacant positions for the Pepco, Washington Gas, building construction, and environmental group 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, implement deep energy retrofits, and improve efficiencies 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, Affordable Home Electrification Program (AHEP), and the Affordable Housing Retrofit Accelerator (AHRA)⁶, are not core, SETF-funded programs and, thus, 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 contract prioritizes GHG reduction, building decarbonization, electrification, energy efficiency, and renewable energy generation in the District. In FY24, the DCSEU had a total budget of \$ 34,364,901, which was comprised of the base contract of up to \$20,800,000. At the close of FY24, the DCSEU spent \$33,399,283, which included actual reimbursable costs and 4% non-at-risk operations fee.⁷ In FY25, the DCSEU had a total budget of \$66,642,804, which was comprised of the base contract of up to \$20,800,000 in reimbursable costs and up to \$2,400,000 in performance benchmarks, as well as contract modifications for four additional programs (SFA, AHRA, Sustainable

⁵ "CAEA," D.C. Law 17-250, effective Oct 22, 2008, D.C. Official Code §8-1773.01 et seq.

⁶ AHRA projects are counted towards DCSEU's deep energy retrofit benchmarks.

⁷ DCSEU's FY24 financial audit:

https://doee.dc.gov/sites/default/files/dc/sites/doee/service_content/attachments/DCSEU%20Final%20FY24%20Audit%20Report.pdf

Energy Infrastructure Capacity Building and Pipeline Program [SEICBP], and AHEP). The DCSEU also received \$14 million in Greenhouse Gas Reduction funding (GGRF) for SFA deployment, however that funding was terminated by the U.S. Environmental Protection Agency (U.S. EPA). At the close of FY25, the DCSEU spent \$34,653,543 which included actual reimbursable costs and 4% non-at-risk operations fee.

2.1.2.Key Programs under the DCSEU Base Contract

In FY24 and FY25, the DCSEU implemented 14 different programs across the commercial, solar, residential, and low-income industries. Key initiatives included the Commercial and Institutional (C&I) Customer program, Income Qualified Efficiency Fund (IQEF), Train Green SEICBP workforce development program, business energy rebates, and residential efficient products program. In FY25, the DCSEU started a refrigeration recovery and recycling pilot program.

	Program	Delivery Method	Cumulative Benchmarks			Annual Benchmarks			Annual Contract Requirement
			Reduction in Energy Consumption (MTCO2e)	Renewable Energy Generation	Deep Energy Retrofits	Low-Income Spending	Green Jobs	G&A Cap (20%)	Contributes to CBE Spend (35%)
Core SETF Programs (Low Income)	Income-Qualified Efficiency Fund (IQEF)	DCSEU Subcontractor Direct Service	✓		✓	✓	✓	✓	✓
	Low-Income Custom	Custom Incentive to Customer	✓		✓	✓	✓	✓	
	Low-Income Solar	Custom Incentive to Customer	✓	✓	✓	✓	✓	✓	
	Low-Income Energy Kits	Participating Distributor/Qualifying Partner Orgs	✓			✓	✓	✓	✓
Core SETF Programs (Market Rate)	Residential Appliance, HVAC, & Lawn Equip Rebates (FY 2025 DC Electrification Rebates Addition)	Downstream Rebate to Customer or Contractor	✓				✓	✓	
	Residential Midstream Lighting & HVAC	Rebate Applied at Participating Distributor	✓		✓		✓	✓	✓
	Commercial Midstream Lighting & HVAC	Rebate Applied at Participating Distributor	✓		✓		✓	✓	✓
	Business Energy Rebates	Downstream Rebate to Customer/Contractor	✓		✓		✓	✓	
	C&I Custom	Custom Incentive to Customer	✓		✓		✓	✓	
	C&I Solar	Custom Incentive to Customer	✓	✓	✓		✓	✓	
	C&I Pay for Performance (P4P)	Custom Incentive to Customer	✓		✓		✓	✓	
	C&I Direct Services	DCSEU Subcontractor Direct Service	✓		✓		✓	✓	✓
	Workforce Development	DCSEU Works with Mentor Companies and Staffing Agencies				✓	✓	✓	✓

	Program	Delivery Method	Cumulative Benchmarks			Annual Benchmarks			Annual Contract Requirement
			Reduction in Energy Consumption (MTCO _{2e})	Renewable Energy Generation	Deep Energy Retrofits	Low-Income Spending	Green Jobs	G&A Cap (20%)	Contributes to CBE Spend (35%)
Core SETF Programs (Innovation)	Net Zero Energy (NZE) Design Incentives	Downstream Rebate to Customer or Contractor					✓	✓	
	Refrigeration Recovery and Recycling (Pilot)	DCSEU Midstream	✓				✓	✓	✓

2.1.3. Programs not under DCSEU Performance Benchmarks

In addition to the base contract programs, the DCSEU implements the Solar for All (SFA) program, Affordable Housing Retrofit Accelerator (AHRA), Affordable Home Electrification Program (AHEP), and Train Green Sustainable Energy Infrastructure Capacity Building and Pipeline Program (Train Green SEICBP).

	Program	Delivery Method	FY 2025 Funding Source(s)	Cumulative Benchmarks			Annual Benchmarks			Annual Contract Requirement
				Reduction in Energy Consumption (MTCO _{2e})	Renewable Energy Generation	Deep Energy Retrofits	Low-Income Spending	Green Jobs	G&A Cap (20%)	Contributes to CBE Spend (35%)
Additional DCSEU Programs	Train Green SEICBP	DCSEU Subcontractor Direct Service (Course Providers)	Local + Federal						Subject to incentive/non-incentive split	✓
	Affordable Homes Electrification Program	DCSEU Subcontractor Direct Service	Local + Federal						Subject to incentive/non-incentive split	✓
	Affordable Housing Retrofit Accelerator	DCSEU Subcontractor Direct Service or Custom Incentive to Customer/Designee	Local + Federal	✓		✓			Subject to incentive/non-incentive split	✓
	Solar for All (Single-Family and Community Solar)	DCSEU Subcontractor Direct Service	Local + Federal						Subject to incentive/non-incentive split	✓

3. FY24 and FY25 Performance Review

The DCSEU Board did not have an Evaluation, Measurement, & Verification (EM&V) report for FY24 or FY25 to verify the attainment or non-attainment of the DCSEU's performance benchmarks. Also, 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 there was no EM&V report for FY24 and FY25, the societal cost test was not completed.

3.1. Annual Performance Benchmarks

Benchmark	Description	Metric Unit	Goal Type	FY 2025 Results	Annual Benchmark Minimum	Annual Benchmark Maximum	Annual Minimum Benchmark Progress	Annual Maximum Benchmark Progress
Annual Performance Benchmarks	Improve energy efficiency in low-income housing spend	20% (min) to 30% (max) of annual spending (varies annually)	Annual	\$5,833,292	\$4,160,000	\$6,240,000	140%	93%
	Increase number of green collar jobs	Green job FTEs directly worked by DC residents, earning at least a living hourly wage	Annual	93	66	88	141%	106%
	DCSEU general and administrative expenses	% of cost reimbursement ceiling (capped at 20%)	Annual	\$3,477,931.35	-	\$4,160,000	-	83%

3.2.Cumulative Performance Benchmarks

Benchmark	Description	Metric Unit	Goal Type	FY 2022 Results	FY 2023 Results	FY 2024 Results	FY 2025 Results	Cumulative Results	4-Year Cumulative Minimum Annual Target	4-Year Cumulative Maximum Annual Target	Five-Year Cumulative Benchmark	Five-Year Cumulative Benchmark	Annual Minimum Target Progress	Five-Year Cumulative Maximum Benchmark Progress
Cumulative Performance Benchmarks	Reduce energy consumption	Metric tons CO2e (modified gross) ⁴	Cumulative	53,792	46,873	74,062	48,544	223,271	187,188	249,583	256,924	367,035	119%	86%
	Increase renewable generating capacity	kW capacity	Cumulative	661 kW	469.6 kW	1,447 kW	3,056kW	5,634 kW (87,866 MMBTU source energy equiv.)	3,500 kW	4,000 kW	4,500 kW	5,000 kW	160%	125%
	Reduce energy consumption at >= 50% of renewable energy generating capacity across solar projects	Ratio of solar measure energy savings to non-solar measure energy savings (%)	Cumulative	-	-	-	-	>50% (87,866/2 = 43,933 MMBTU; DCSEU achieved 223,808 MMBTU in efficiency across same portfolio as of 9/30/25)	-	-	>= 50%	-	-	On track / exceeding
	Deep energy retrofits	# of project that lead to at least 30%	Cumulative	-	-	-	-	16	-	-	42	60	38% ⁵	26% ⁶

⁴Please note: The DCSEU's greenhouse gas emissions reduction estimates in previous monthly and quarterly reports in FY2022 were provided in "net" values. The DCSEU is evaluated on "modified gross" values and has updated its reporting to reflect this as of the April 2022 report.

⁵This percentage reflects the progress toward the five-year cumulative benchmark minimum for deep energy retrofits only.

⁶This percentage reflects the progress toward the five-year cumulative benchmark maximum for deep energy retrofits only.

3.3.Financial Audit

F.S. Taylor & Associates, P.C. (FSTA) conducted a financial audit to review the FY24 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. FTSA presented the key highlights to the Board on June 9, 2025.

Overall, FSTA found that DCSEU presented the expenditures fairly for FY24, but DCSEU did not meet the required 35% minimum CBE spend. In FY24, the target amount of CBE spending was \$12,027,715 (based on the total subcontract costs of \$34,364,901). The DCSEU spent 31% of contractable dollars on

CBEs totaling \$10,489,722. Additionally, FTSA found that the DCSEU overstated the number of hours for the green-job benchmark.⁸

4. Legislative and Regulatory Changes

4.1. Legislative Changes Impacting the DCSEU

The Board tracks legislation that may impact the DCSEU. The Fiscal Year 2026 Budget Support Act of 2025 (FY26 BSA),⁹ passed by the DC Council on September 4, 2025, D.C. Act 26-148, made the following amendments to the SETF:

- Reduced the DCSEU's SETF-funded base contract amount from \$20 million to \$10 million beginning in FY27 and every fiscal year thereafter.
- Granted DOEE the authority to extend the current DCSEU contract for another option year. The current DCSEU contract expires at the end of FY26 (September 30, 2026), but based on this amendment in the FY26 BSA, DOEE may extend the contract until the end of FY27 (September 30, 2027).

4.2. Public Service Commission (PSC) Formal Case Impacting the DCSEU

PSC Formal Case No. 1130 (FC 1130): *In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability*

On July 24, 2023, Synapse Energy Economics filed its study on *A Value of Distributed Energy Resources (DER) Study for the District of Columbia*. The PSC opened the study to public comment and the Board submitted comments on May 15, 2024. The Board highlighted the:

- reliability of data collected and how the representativeness of the Study feeder data of District-wide feeder conditions.
- need to characterize all feeders by their ability to absorb grid-edge DER generation as well as to automate its incorporation into the overall distribution of energy from a substation.
- cost effectiveness of DER deployment.
- most efficient incentive is rate design.

The Board comments can be reviewed in Attachment 5 of this report.

⁸ FY24 financial audit report available here:

https://doee.dc.gov/sites/default/files/dc/sites/doee/service_content/attachments/DCSEU%20Final%20FY24%20Audit%20Report.pdf

⁹ Budget Support Act: Sections 6021 -6022 page 110 – 114 https://lims.dccouncil.gov/downloads/LIMS/57846/Signed_Act/B26-0265-Signed_Act.pdf?Id=220089

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 and Washington Gas'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.

FC 1160 has the potential to reshape the energy efficiency landscape in the District which could impact DCSEU operations. Members of the DCSEUAB are concerned that the offerings proposed in FC1160 are duplicative of current DCSEU programs. Background on DCSEUAB's involvement:

- 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.
- 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.
- September 12, 2023: During the Board meeting, the DCSEU presented its feedback on Pepco's and Washington Gas' energy efficiency/demand response potential studies.
- August 26, 2023: The DCSEU filed its comments on the two potential studies with the PSC.

PSC Formal Case No. 1167 (FC 1167): *In the Matter of the Implementation of the Climate Business Plan.*

FC 1167 is the proceeding requiring Pepco and Washington Gas to submit Climate Business Plans that detail how their organizations will meet the District's climate and energy goals. This requirement stems from Section 103 of the CEDC Act, which amended D.C. Code § 34-808.02 to mandate consideration of global climate change and the District's public climate commitments in utility regulation.

The DCSEUAB was consulted during the utilities development of EEDR programs under FC1160; however, the Board was never asked to review the EEDR proposals included in Pepco's Climate Business Plan (FC1167). The DCSEUAB intends to submit FC1167 comments to the PSC in FY26.

5. Conclusion

Looking forward to FY26 and beyond, the DCSEUAB continues to recognize the DCSEU for its tireless and impactful work. The DCSEU remains a cornerstone of the District's efforts to advance clean, affordable energy while improving the health and efficiency of our buildings and homes. However, the past programmatic year was marked by significant headwinds. The SETF core budget faced substantial

cuts, and these reductions were compounded by decreases in anticipated federal funding. Navigating these financial constraints while maintaining a high level of service has required strategic resilience and underscores the challenges of the current fiscal environment.

The importance of DCSEU’s mission has never been more apparent as District residents face rising utility bills. To meet this challenge, it is vital that the DCSEU continue its core energy efficiency work. Reducing overall energy consumption, and, crucially, lowering peak energy demand remains the most effective way to lower costs for residents and reduce the strain on the District’s energy grid. The DCSEUAB looks forward to working with the DCSEU as well as DOEE, PSC, and Pepco to explore other potential solutions such as battery storage, microgrids, and virtual power plants, to provide additional relief for District residents.

It is also critical to note that the DCSEU’s current five-year contract is slated to expire on September 30, 2026, though there is an option for a one-year extension. This upcoming transition, paired with a reduced budget, raises questions about how the DCSEU can build upon its past successes to remain an effective vehicle for impact. The DCSEUAB is committed to our role as a steward of the District’s energy future and will work to ensure that even in a shifting fiscal landscape, the DCSEU’s programming maximizes the benefits felt by every District resident.

Affordability is a key priority for District residents and the work of the DCSEU represents one of the few tangible, proven tools the District has to directly lower monthly costs and improve the overall quality of life for our community. The DCSEUAB is deeply grateful for the Council’s long-standing support of the DCSEU. While this support has been foundational since our inception, it has been especially critical during the challenges of the past year. We look forward to a continued partnership as we work together to meet the District's energy goals.

6. Appendix

6.1.FY25 Board Member Attendance

Name	In Attendance?	FY 2025 Special Meetings Attendance Record	FY 2025 Regular Meetings Attendance Record
Jamal Lewis - Board Chair (Mayor’s Designee)	Yes	8/8	9/10
Mansi Talwar (Councilmember Allen)	Yes	2/8	9/10
Sandra Mattavous-Frye (or OPC proxy)	Yes	3/8	9/10
Danielle Gurkin (PSC)	Yes	0/8	10/10

Pending (Electric Company)	N/A	N/A	N/A
Eric Jones (Building Management)	Yes	3/8	8/10
Vacant (Environment)	N/A	N/A	N/A
Sidra Siddiqui (Low-Income Community)	Yes	4/8	9/10
Jaleel Shujath (Economic Development)	Yes	0/8	7/10
Sasha Srivastava (Renewable Energy)	No	2/8	7/10
Vacant (Building Construction)	N/A	N/A	N/A
Dr. Larry Martin – Vice Chair (Council Chairperson Mendelson)	Yes	8/8	9/10
Pending (Gas Utility)	N/A	N/A	N/A

6.2. Attachment 1 – Performance Oversight Hearing Testimony (Feb. 21, 2025)

Good afternoon, Chairman Allen and members of the Committee on Transportation and the Environment. I am Jamal Lewis, Chair of the DC Sustainable Energy Utility Advisory Board (DCSEUAB). As outlined in the Clean and Affordable Energy Act of 2008, D.C. Official Code § 8-1774.03¹⁰, the Board is charged with providing advice, comments, and recommendations to DOEE and Council regarding the procurement and administration of DCSEU, advise on DCSEU performance, and monitor DCSEU under its contract. The Board has 13 seats and has 10 active members. DOEE is working with Mayors Office of Talent and Appointments (MOTA) to fill the vacant positions. The Board plays a key role in DCSEU's success and is uniquely positioned to provide feedback on program performance.

The DCSEU is charged with implementing energy efficiency programs, workforce development, and investing in market transformative projects. In FY24, the DCSEU completed 61 Affordable Home Electrification Program (AHEP) projects, served 17 properties through the Affordable Housing Retrofit Accelerator, and installed panels on 58 single-family homes through Solar for All (SFA). The DCSEU worked with local developers to install a 1.18MW SFA community solar array which provides residents with up to \$2.52 million in electricity bill savings over the next 15 years. In addition to the solar deployed

¹⁰ <https://code.dccouncil.gov/us/dc/council/laws/17-250>

through SFA, the DCSEU supported 1,447.3 kW of renewable energy deployment, spent \$ 5,954,177 on energy efficiency projects in low-income communities, generated 90 full time green collar jobs, and achieved 74,062 metric tons of carbon dioxide emission (MTCO_{2e}) reduction.¹¹

The DCSEU continues to lead the District in electrification efforts, however the organization could be more impactful if their team had access to real time utility energy data. Data sharing can help identify buildings and neighborhoods with high usage and inefficient heating systems and prioritize the underserved communities in most need. Having access to Pepco's energy data could help DCSEU track progress, identify gaps, and adjust approaches to program implementation. This information would be particularly impactful with the Affordable Housing Retrofit Accelerator program and the Affordable Home Electrification Program.

In 2020, the American Council for an Energy-Efficient Economy's (ACEEE's) published its assessment of national and metropolitan energy burdens across the US and listed DC's low-to-moderate income (LMI) population as having a 7.5% energy burden while the remaining of the population has a 2% energy burden.¹² The LMI community is disproportionately affected by their utility bills and DCSEU's programs can and do help reduce that gap. Combining energy efficiency measures, like those deployed through AHRA, AHEP, Income Qualified Efficiency Fund (IQEF) with renewable energy access leads to not only bill savings, but a more comfortable living environment for our residents.

Continuing to fund DCSEU is crucial to ensure the decarbonization of this city. The Council needs to ensure the Sustainable Energy Trust Fund (SETF) is put towards DCSEU's contract rather than being swept for the special purpose revenue fund. SETF is a stable, predictable funding source that allows for longer term energy efficiency and renewable energy planning and implementation. Diverting SETF funds to the special-purpose revenue fund risks deprioritizing these equity-focused efforts in favor of more general budgetary needs unrelated to energy efficiency, leaving the District's underserved communities more vulnerable to the impacts of climate change.

The Board views the DCSEU as one of the most successful District Government initiatives and I could not be more excited to be a part of this impact. Thank you, and I am happy to answer any questions the Committee may have.

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¹¹ <https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/2024-DCSEU-AnnualReport-Final-Web%20%281%29.pdf>

¹² <https://www.aceee.org/sites/default/files/pdfs/u2006.pdf>

6.3.Attachment 2 –Response to Follow-up Oversight Questions (March 24, 2025)

In response to Chairman Allen’s question regarding the timeline and members of the Committee on Transportation and the Environment. I am Jamal Lewis, Chair of the DC Sustainable Energy Utility Advisory Board (DCSEUAB). As outlined in the Clean and Affordable Energy Act of 2008, D.C. Official Code § 8-1774.03¹³, the Board is charged with providing advice, comments, and recommendations to DOEE and Council regarding the procurement and administration of DCSEU, advise on DCSEU performance, and monitor DCSEU under its contract. The Board has 13 seats with 10 active members. DOEE is working with Mayors Office of Talent and Appointments (MOTA) to fill the vacant positions. The Board plays a key role in DCSEU's success and is uniquely positioned to provide feedback on program performance.

The DCSEU is charged with implementing energy efficiency programs, workforce development, and investing in market transformative projects. These types of projects can take years to cultivate, from finding a client or host site to organizing the scope of work. Providing a consistent funding source for the DCSEU is crucial if we are going to decarbonize this city.

The Council needs to ensure the Sustainable Energy Trust Fund (SETF) is put towards DCSEU’s contract rather than being swept for the special purpose revenue fund. SETF is a stable, predictable funding

¹³ <https://code.dccouncil.gov/us/dc/council/laws/17-250>

source that allows for longer-term energy efficiency and renewable energy planning and implementation. Diverting SETF funds to the special-purpose revenue fund risks deprioritizing these equity-focused efforts in favor of more general budgetary needs unrelated to energy efficiency, leaving the District’s underserved communities more vulnerable to the impacts of climate change.

The Board views the DCSEU as one of the most successful District Government initiatives and I could not be more excited to be a part of this impact. Thank you, and I am happy to answer any questions the Committee may have.

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6.4.Attachment 3 –Budget Oversight Hearing Testimony (June 13, 2025)

Good afternoon, Chairman Allen and members of the Committee on Transportation and the Environment. I am Jamal Lewis, Chair of the DC Sustainable Energy Utility Advisory Board (DCSEUAB). As outlined in the Clean and Affordable Energy Act of 2008, D.C. Official Code § 8-1774.03¹⁴, the Board is charged with providing advice, comments, and recommendations to DOEE and Council regarding the procurement and administration of DCSEU, advise on DCSEU performance, and monitor DCSEU under its contract. The Board is comprised of 13 seats and has 9 active members. DOEE is working with Mayors Office of Talent and Appointments (MOTA) to fill the vacant positions. The Board contributes to the DCSEU's success and is uniquely positioned to provide feedback on program performance.

The DCSEU is charged with implementing energy efficiency programs, workforce development, and investing in market transformative projects. Through the Affordable Home Electrification Program (AHEP), Solar for All (SFA), Affordable Housing Retrofit Accelerator (AHRA), and DC Electric Rebate (DCER), the DCSEU not only provides opportunities for residents to improve energy affordability and reduce their cost of living but also contributes to the local green economy training and contracting opportunities. In FY24, the DCSEU provided \$333 million in lifetime cost savings for DC residents and businesses, created 90 green jobs, invested \$14.4 million in low-to-moderate income communities across

¹⁴ <https://code.dccouncil.gov/us/dc/council/laws/17-250>

the district and supported the addition of 3.5-MW of solar capacity for the city.¹⁵ Providing a consistent funding source for the DCSEU is crucial if we are going to maximize benefits to District residents.

Last year, the Department of Energy and Environment (DOEE) received guidance from the Mayor's Sustainable Energy Trust Fund Utilization Amendment Act of 2024 to *allocate approximately \$17.3 million in Sustainable Energy Trust Fund (SETF) resources for the payment of renewable energy credits or alternative compliance fees or to support purchase power agreements*. This resulted in a \$12.8 million reduction in DCSEU's FY24 operating budget. Due to this unforeseen reduction, the DCSEU had to cancel new proposals and projects for AHRA, AHEP, and SFA. These types of projects can take years to cultivate, from finding a client or host site to organizing the scope of work. This change in funding negatively affected DCSEU's relationships with CBEs and contractors and the market cannot handle another hit to this funding source. SETF should be a stable, predictable funding source that allows for longer-term energy efficiency and renewable energy planning and implementation. The Council needs to ensure the SETF is put towards DCSEU's contract rather than being swept for the special purpose revenue fund.

Furthermore, the Council should not allow the \$20 million SETF DCSEU contract minimum to be removed. Eliminating this requirement opens the DCSEU contract to be reduced in future biddings at a time when energy efficiency is critical to ensuring the city meets its climate and resiliency goals. If local funding were to be removed, AHEP, AHRA, and SFA would be greatly affected as most of the programs submitted to the Federal government for grant funding are dependent on some form of 'matching' local funds.

This vital work is even more critical given the challenges residents are facing with rising energy costs. 2025 marked the third consecutive year Pepco has increased its rates. According to the Chesapeake Climate Action Network, this year's rate increase raised the average resident's bill by an additional 5%.¹⁶ Additionally, Pepco's Standard Offer Service (SOS) for electricity generation is set to increase this summer (in addition to the rate increase from January).¹⁷ With the escalation in electricity prices, the DCSEU's work is more important than ever if the District wants to achieve not only energy affordability but also provide crucial relief from today's broader economic pressures. The tangible impact of the DCSEU's programs on District residents and the local economy is clear. Just look at these real-world examples:

- Residents at **Paradise at Parkside**, a **653-unit** affordable housing complex in Ward 7, now enjoy significantly reduced energy bills, improved indoor air quality, and more comfortable homes thanks to new heat pump systems, improved lighting, and **24 Community Renewable Energy**

¹⁵ <https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/2024-DCSEU-AnnualReport-Final-Web%20%281%29.pdf>

¹⁶ <https://edocket.dcpsec.org/apis/api/Filing/download?attachId=214935&guidFileName=ebccb9f7-667d-4758-af81-1489de100f91.pdf>

¹⁷ [https://dcpsec.org/Utility-Information/Electric/Electricity-Standard-Offer-Service-\(SOS\)-Rates.aspx](https://dcpsec.org/Utility-Information/Electric/Electricity-Standard-Offer-Service-(SOS)-Rates.aspx)

Facilities (CREFs) installed across 15 buildings.¹⁸ These CREFs serve over **500 income-qualified households**. Plus, **250 residents** received free home energy kits (valued at **\$35,000**), projected to save over **150,000 kWh**.

- At **Roberts Residences**, a **139-unit** affordable housing building in **Ward 5**, residents benefit from substantial annual savings: over **\$46,951** in electricity costs and **\$13,500** in water costs.¹⁹ These come from a new Variable Refrigerant Flow (VRF) heat pump system, ENERGY STAR®-certified refrigerators, low-flow faucet aerators, and energy-efficient LED lighting. The upgrades will save over **300,000 kWh** electricity, **167 MMBtu** fuel, and nearly **500,000 gallons** water annually. Notably, **75 units** are designated for those below **30% AMI**, all others below **50% AMI**, and **75 units** are DCHA-subsidized (**70%** rent covered).
- **Victor Ramos**, an electrical engineering graduate from **2020** who completed the DCSEU's Workforce Development Program, not only launched a career as a project manager at a utility company but also became the first in his family to own a home.²⁰ His **Ward 7** home now provides immense relief from utility costs, with **36 solar panels** and a **10 kW Solar Edge battery system** offsetting almost **100%** of his bill to around **\$5** in administrative fees, despite higher usage. He also enjoys a healthier and more efficient home after upgrading from gas to an efficient heat pump water heater and electric heat pump via AHEP.
- Residents of the **Cloisters Apartments** project, completed in **2024**, are now saving up to **\$500 annually** on their electricity bills, with total savings projected to reach **\$2.53 million** over **15 years**.²¹ This is thanks to **19 solar arrays** with a total capacity of **1.18 MW**, supported by **\$1.12 million** in Solar for All incentives, benefiting **338 low-to-moderate income households**.
- In **Fiscal Year 2024**, DCSEU's extensive impact also included:
 - Providing **\$211,000** in rebates to **1,200 District residents**, which helps prevent **357 metric tons** of annual greenhouse gas emissions (equivalent to over **400,000 gallons of gasoline**) and offers **\$1.1 million** in lifetime savings for participants.²²
 - The Solar for All program completed **58 single-family** Solar for All projects and **19 CREF** (community solar) projects.²³ They also finished the remaining **7 battery storage pilot projects**. In total, **3.5 megawatts** of renewable energy generating capacity were installed, with the potential to cut electricity bills by half for over **900 households**. The

¹⁸ <https://www.dcseu.com/impact-story/paradise-at-parkside-when-electrification-meets-affordable-communities>

¹⁹ <https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/2024-DCSEU-AnnualReport-Final-Web%20%281%29.pdf>

²⁰ <https://www.dcseu.com/impact-story/from-workforce-development-to-sustainable-living>

²¹ <https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/2024-DCSEU-AnnualReport-Final-Web%20%281%29.pdf>

²² <https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/2024-DCSEU-AnnualReport-Final-Web%20%281%29.pdf>

²³ <https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/2024-DCSEU-AnnualReport-Final-Web%20%281%29.pdf>

DCSEU was able to accomplish this despite facing budget cuts, starting with **\$5.46 million** and reduced to **\$911,466**, before being partially restored to **\$1.3 million**.

- Providing **\$5.9 million** in incentives to DC businesses (supporting **\$148 million** in clean energy projects) despite interest rates reaching **5.00%**.²⁴ These efforts are projected to prevent **69,000 metric tons** of greenhouse gas emissions (equivalent to **76 million pounds of coal burned**) and generate **\$310 million** in lifetime cost savings for businesses, with **\$8.7 million** of that for District CBE businesses.
- The DCSEU's Workforce Development Program graduated **41 students** with a **93% employment placement rate** with mentor organizations.²⁵ The program supports two cohorts annually with a DC living wage, weekly trainings, and certifications. In addition, the separate Train Green program reached **88%** attendance across all courses, and attendees earned nearly **100 national credentials**. Since **2011**, the DCSEU has invested over **\$59 million** in CBEs and local businesses.

The Board views the DCSEU as one of the most successful District Government initiatives and I could not be more excited to be a part of this impact. Thank you, and I am happy to answer any questions the Committee may have.

6.5.Attachment 4 – Benchmark recommendations (July 1, 2025)

DC Sustainable Energy Utility Advisory Board 2026 Contract Benchmark Recommendations

The DC Sustainable Energy Utility (DCSEU) Advisory Board (Board) undertook a review of the existing DCSEU contract benchmark performance criteria to evaluate if the benchmarks should be adjusted for the pending new 2026 contract offering. The Board scheduled meetings to review benchmarks with both Energy and Environment (DOEE) and DCSEU staff and management. Meetings were announced and held on November 5, 2024, January 21, 2025, February 3 & 20, 2025, March 17, 2025, and May 1, 2025.

Reduce Energy Consumption Benchmark

The Board recommends maintaining the:

- Energy Consumption Benchmark as reduction in carbon dioxide equivalent, in line with District policy
- current structure for evaluating this benchmark.
- current structure that allows for assessment of annual benchmarks with incentives paid or penalties levied at the end of the 5-year contract to allow for more funding to be used on program implementation during years 1-4.

²⁴ <https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/2024-DCSEU-AnnualReport-Final-Web%20%281%29.pdf>

²⁵ <https://doee.dc.gov/sites/default/files/dc/sites/doee/publication/attachments/2024-DCSEU-AnnualReport-Final-Web%20%281%29.pdf>

Renewable Energy Benchmark

The Board recommends:

- keeping this structure for evaluating this benchmark.
- DOEE work with the Public Service Commission (PSC) and Pepco to open a pathway for the DCSEU to target areas with high peak demand.

The Board does not recommend DOEE increase the percentage of energy efficiency required as part of this two-part benchmark because the purpose of this benchmark is to deploy renewable energy while other benchmarks focus on energy efficiency.

Deep Energy Retrofit

The Board recommends:

- keeping the metric at 20% energy savings.
- maintaining the maximum and minimum of 42 to 60 buildings.
- maintaining the intent of the deep energy retrofit benchmark to pursue substantial energy efficiency improvements.
- maintaining the current structure of attribution that allows the DCSEU to claim credit for a deep energy retrofit if the DCSEU spends as little as \$1.00.
- increasing the cumulative incentive from \$250,000 to \$750,000 and adjusting the penalty amount to \$200,000. The DCSEU may consider creating a technical assistance EM&V to support reporting expenditures on this benchmark. The Board believes this benchmark is attainable given AHRA has revealed that most of those buildings can reach the 20% energy reduction target.

Low-Income Benchmark

The Board recommends:

- maintaining this structure for evaluating this benchmark.
- DOEE omit a savings target from the benchmark. The Board also recommends the DCSEU track and report the cost per savings in the low-income sector as a metric.
- not changing the minimum or maximum spend requirement. Maintaining the current targets ensures support for low-income communities and a balanced approach to serving the entire District. An increase to the low-income spending benchmark would necessitate a re-evaluation of the DCSEU's priorities, effectively placing low-income programs above all other performance objectives. This prioritization would likely result in a diminished capacity to achieve other established benchmarks.

Green Jobs Benchmark

The Board recommends maintaining this benchmark.

Benchmark Prioritization and Incentive Structure

The figure below represents the Board’s recommended incentive amounts and structure for each benchmark to ensure alignment with the Board’s perspective on the DCSEU’s priorities.

Revised Incentive Structure

Performance Benchmark	Percent of total incentive Amount	Option Year 5 Cumulative	Penalty
Reduce energy consumption	37.5%	\$1,500,000	\$1,500,000
Renewable energy	18.75%	\$750,000	\$750,000
Green collar jobs	12%	\$480,000	\$480,000
Low income spend	13%	\$520,000	\$520,000
Complete Deep Energy Retrofit	18.75%	\$750,000	\$200,000

6.6.Attachment 5 – FC 1130 Board Comments (May 15, 2024)

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

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

The DC Sustainable Energy Utility Advisory Board (DCSEUAB) submits the attached response to the DC Public Service Commission’s (Commission) October 25, 2023, public notice soliciting comments on the Value of Distributed Energy Resources (VDER) Study and the subsequent Order No. 21928, dated November 16, 2023, stipulating the comment filing deadline of May 15, 2024, with replies due on or before July 1, 2024.

SUMMARY

The DCSEUAB is charged to provide advice, comments, and recommendations on the procurement and administration of the DCSEU, as well as advise on DCSEU performance and contracting, as specified in the Clean and Affordable Energy Act of 2008 (D.C. Code § 8-1774.03). The DCSEUAB’s comments here today pertain to select findings and recommendations found in the VDER Study that could affect the future performance of the DCSEU. We offer responses to the four questions presented by the Commission in the public notice, discussion of a Study finding, and three Study recommendations.

1. BACKGROUND

On October 25, 2023, the Commission published a public notice soliciting comments on the VDER Study, commissioned under FC 1130, in the matter of the Investigation into Modernizing the Energy System for Increased Sustainability. The public notice requested comments address the following four questions:

- a. Upon review of the Study’s recommendations and proposed additional research, what are your comments, and are there any additional recommendations and/or additional research you would propose?
- b. How can the Study, or successor studies, if any, contribute to the District’s climate goals (specifically in the area of avoided greenhouse gas costs)?
- c. How can the Study support the expansion of solar resources in the District?
- d. What other recommendations, if any, do you have on the uses and applications of the VDER Study?

The DCSEUAB focused primarily on the Study’s fourth finding: large electric distribution grid capacity projects are relatively expensive because they are driven by only a few peak hours of load demand (“needle” peaks) that cause feeders to exceed normal ratings; but may necessitate hundreds of millions of dollars in new capacity investment when a few hours of relief could

defer or avoid the upgrade. The DCSEUAB also focused on the Study's DER compensation recommendations (see table ES-2 & Sec.7.2)

#1: Proactively address future electrification pressure through modification or expansion of existing energy efficiency and demand response incentive/rebate programs to the extent doing so is cost-effective;

#2: Amend solar incentives to include storage and account for temporal- and feeder-specific values; and

#6: Use RFPs and contracts with DER providers where specific solutions are required to address feeder-specific pressures.

2. GENERAL COMMENTS

The DCSEU, established under the Clean and Affordable Energy Act of 2008 (D.C. Code § 8-1774.03), has made substantive contributions to advancing the District's clean energy and efficiency policies since its first year of operation. Since 2011, the DCSEU has saved District residents \$1.2 billion in lifetime energy bill savings, invested over \$50 million in low-income communities, and prevented 6.2 million MTCO_{2e} of greenhouse gas emissions. Funding to support the DCSEU's programs comes from the Sustainable Energy Trust Fund (SETF) which consists of payments from DC ratepayers which are marshalled to support the District's clean energy commitments. The DCSEU's programs deliver distributed energy resources (DER), primarily in the form of solar installations, incentives for energy efficiency and conservation, and to a lesser extent demand-side management with power-bank batteries deployed to select DC residents. The findings and recommendations contained in the VDER Study, if implemented, may modify the cost-effectiveness of DCSEU programming, shift financial incentives, or otherwise change conditions for the design and implementation of DCSEU programming – which is strictly evaluated through performance measures. These performance measures include reducing greenhouse gas emissions, increasing renewable energy capacity, increasing the number of green-collar jobs, improving energy efficiency of low-income housing and buildings serving low-income housing, and completing deep energy retrofits and are generally valued the same irrespective of where in the District these improvements occur. The VDER Study supports the overall finding that the location and timely contributions of grid-edge, behind the meter DER assets matters. Therefore, Commission response to the Study should include an awareness of the DCSEU current and possible future contributions.

The *value* of DER is dynamic and highly responsive to conditions and investments to the component substations, feeders and circuits that constitute DC's electric distribution grid. The DCSEUAB observes that the electric utility submits to the Commission the [Annual Consolidated Report](#) that describes a wide range of planned improvements to substations, transformers, feeders and other equipment (e.g. automation), as well as project updates, reliability statistics, and a productivity performance plan. This information could inform a data-driven distribution and integrated resource planning process that could inform decisions about

- 1) where to modernize and upgrade the electric grid to control peak load demand and
- 2) how to manage and maximize the value of DERs for that outcome.

Such a process would also be necessary to make informed decisions about any coordination of DCSEU programming to advance DER strategies for enhancing the electric grid. Care is necessary in defining such a process because the data will drive short- and long-term outcomes and it is important that there is clarity on “what success looks like.” The DCSEU appears prepared to welcome opportunities to work with Pepco to advance mutual objectives along these lines.

Under the [2018 Clean Energy and Climate Act](#), the utilities have the right to operate energy efficiency and demand response (EEDR) programs. This could be an opportunity for utility EEDR programs to compliment Solar for All installations. Under this law, the Board wonders if it is possible for those EEDR programs to also include more efficient grid management and collaboration with the DCSEU, *inter alia*, to facilitate interconnection of solar and other distributed energy resources (DER) to the distribution grid, and to confer more of their potential value to District electricity customers.

A question repeatedly arose in DCSEUAB discussion of the Study about the reliability of data collected and the representativeness of the Study feeder data of District-wide feeder conditions. The DCSEUAB reviewed the discussion of avoided distribution cost methodology (Sec. 5) and was unable to determine how representative the selected feeder(s) that were analyzed are of the District’s approximately 765 feeders. Consequently, the avoided cost components in Sec. 6 would be less reliable beyond the identified variables identified by the Study team, such as discount rate. Although all indications from the Study point to savings resulting from the incorporation of DER onto feeders, an integrated planning approach, as noted above, is necessary to determine the magnitude of savings associated with any feeder as well as prioritize feeders that would be most cost-effective for improvements associated with DER.

3. VDER STUDY 4th FINDING

“Because large distribution capacity projects are relatively expensive, and because they are driven by the peak hour of load, “needle” peaks that cause the feeder to exceed its normal rating during only a few overloaded hours are among the most expensive events in terms of \$/MWh. These peaks have the potential to drive hundreds of millions of dollars of capacity investment across the District when a few hours of relief could defer or avoid the upgrade. Because the large cost of a distribution system upgrade is spread across more hours of pressure in our “Maximum Pressure” scenario, it may make more sense to invest in upgrades to the system. However, when the pressure is partially reduced, such that only a few remaining hours are creating pressure, the same logic applies: the hourly value of responsive load curtailment is much greater.”

The implication of this finding is stated plainly on pg. 14 of the introduction: *“As DER installations increase, the Study Team recommends that the DC PSC seek to maximize the temporal- and feeder-specific benefits of DERs, where cost-effective. Full realization of many of those benefits requires system planning that can appropriately value them for the purposes of decision-making.”* In order to optimize investment to manage peak loads and provide other grid services (e.g., frequency regulation) it is necessary to characterize all feeders as to their ability to absorb grid-edge DER generation as well as to automate its incorporation into the overall distribution of energy from a substation. Presently, only Pepco has this information available. The DCSEU is not able to prioritize placement of DER optimally, or to otherwise contribute to shifting or reducing peak load (via energy efficiency measures) on the District’s electric grid. In the absence of an integrated resource plan that makes feeder improvements transparent, the District can only rely on Pepco to optimally locate DER – a function that it has no incentive to perform given that the utility earns a rate of return on all distribution system investments. The Study appropriately highlights this reality on page 14: *“Without a framework to monitor, coordinate, and compensate DERs appropriately, it is unlikely that the optimal level of DERs will be installed at the most beneficial locations in the city or operate at the most beneficial times.”*

Finding #1 introduces the concept of changing tariffs and fees on the delivery of power that could impact the cost-effectiveness evaluation of the DCSEU's programs. Incorporating a time-of-use or dynamic pricing strategy to be used by the utility would be helpful in incentivizing the use of DER to shift or clip peak demands across the system and at various times throughout the day. Although the Commission is not able to regulate providers (other than standard offer service), the PSC is able to regulate the distribution system to adjust tariffs for time of use. Therefore, as it becomes more expensive to use electricity from the grid at peak times of the day, it becomes more cost effective to deploy electricity from DER at lower costs. Therefore, the DCSEU’s deployment of DER could be more cost effective depending on the location of the DER as well as when electricity from the DER is deployed throughout the day.

4. VDER STUDY 6th RECOMMENDATION (for incentive/rebate programs)

“Use RFPs and contracts with DER providers where specific solutions are required to address feeder-specific pressures. Pursue RFPs after other low-cost mechanisms (such as energy efficiency programs and rate design) are employed.”

The RFP review and evaluation process is key to contract success. Considering the cost of kW reductions makes sense for longer term decisions (when incentive programs can ramp up and become more effective over time), however, the near-term investment of meeting peak demand is not a matter of cost-effectiveness – it simply is a must-do.

The DCSEU contract focuses on energy use reduction, measured by GHG reductions; not tracking demand reduction that might be associated with peaks. The association between peak demand reduction – as advocated in the VDER study, and the DCSEU’s primary performance goal is that peak demand is typically met by the most GHG intensive fuels.

Financial incentives need to be adequate (and in a manner that will not inflict an undue cost burden on ratepayers) to ensure that DER demand response pledges are reliable.

5. VDER STUDY 1st RECOMMENDATION (for incentive/rebate programs)

“Proactively address future electrification pressure through modification or expansion of existing energy efficiency and demand response incentive/rebate programs to the extent doing so is cost-effective.”

This recommendation to refine the prudent investment in energy efficiency and demand response is contingent on Recommendation #3 because rate design is likely the most efficient incentive. The DCSEU invests heavily in energy efficiency programming and can also support acquisition of equipment useful for demand response. While rate design is a key factor, the ability to harness grid data from Pepco would enable better coordination between DCSEU program investments and would contribute to the optimization of the value of energy efficiency, demand response and DER on the grid.

For the modification or expansion of energy efficiency and demand response incentive/rebate programs to meet requirements for peak load management it is important to consider that hardwire solutions have greater predictability, whereas behavioral solutions relying on customer compliance are not as reliable and percent compliance can range unpredictably. Reliability must be viewed as a component of the cost-effectiveness of a solution. Important components of reliability are terms of contract and the compensation between the DER/demand response resource manager and the utility. A more analytical assessment of how to ensure equity in grid modernization to accommodate DER also needs to be evaluated.

6. VDER STUDY 2nd RECOMMENDATION (for incentive/rebate programs)

“Amend solar incentives to include storage and account for temporal- and feeder-specific values.”

Locating solar/storage in optimized locations requires data on feeder specific values for DER which is likely to add time to achievement of installations. This is consequential to the DCSEU because annual performance periods limit the length of time in which projects can be carried out. Data access should be streamlined.

The VDER study recommendation to possibly prioritize west-facing solar panels to better enable later-in-the-day solar generation to meet evening demand could affect the DCSEU’s

implementation of the Solar for All (SFA) program because of potential tradeoff between overall generation vs generation to serve peak demand. The DCSEU has no incentive to shave peak demand, however, its overall increase in renewable energy factors into a performance measure. As previously mentioned, DCSEU's current contract structure is not set up to offer DER incentives.

7. RESPONSE TO COMMISSION QUESTIONS AND CONCLUSION

a. *Upon review of the Study's recommendations and proposed additional research, what are your comments, and are there any additional recommendations and/or additional research you would propose?*

The findings of the Study strongly suggest that an integrated resource planning process should be ongoing. The load on feeders is dynamic with demand routinely shifting. In coming years, it is anticipated that a shift away from fossil fuels for heating buildings and transportation will result in growing, but uneven electric demand. The PSC, in its capacity as the utility regulator and primary driver for meeting DC's clean energy commitments should have the data necessary to evaluate grid modernization to meet electrification objectives and clean energy commitments. Because of the separation of distribution and generation – and all the behind the meter equipment for efficiency and demand side management, the data of feeders will need to be shared with energy service providers and other energy industry players, such as the DCSEU, who will be relied upon to coordinate to meet DC's commitments. Further study is recommended to evaluate if incentivizing west-facing solar panels would be desirable to better enable later-in-the-day solar generation to meet evening demand and should be conducted before such any decision is made on that alternative.

Regarding Recommendation #6, research to better characterize recognized multipliers of reliability for DER demand response contingent on different incentives would be valuable. Such research would identify what models exist with demonstrated reliability for providing valued grid services.

b. *How can the Study, or successor studies, if any, contribute to the District's climate goals (specifically in the area of avoided greenhouse gas costs)?*

Although it may be cost effective for utilities, including the DCSEU, to reduce peak demand, detailed information is required to optimize the efforts of both the utilities and providers. Enhancements to feeders to enable demand side management, enable virtual power plants and microgrids, and reduce peak demand will reduce greenhouse gas emissions. As noted earlier, this process is data driven and factors such as data granularity and quality are important. DOEE's recent charge to conduct a hosting capacity study is an important initiative that will hopefully aid in identifying feeders and circuits on the grid in need of increased capacity to meet potential

grid-edge energy management requirements. Such an undertaking must be supported by a sufficient budget to fund the research [see Commissioner Beverly's call for an integrated resource plan²⁶]. Recent reports on Eversource's SMART program in Massachusetts²⁷ and the results of grid modernization in Hawaii are useful resources for this ongoing discussion.

c. How can the Study support the expansion of solar resources in the District?

The Study provides a framework and an example for how to evaluate the contribution of DER for optimizing the location and installation of solar in DC. The Study offers evidence that the continuation of solar installation incentives is a cost-effective strategy for reducing stress on the distribution grid while continuing to help meet DC's clean energy commitments. For the DCSEU to participate in this strategy, a commitment to data sharing (such as feeder usage) by the utility is necessary.

d. What other recommendations, if any, do you have on the uses and applications of the VDER Study?

The Study validates the premise that DER has value to the electric distribution grid, and the importance of temporal and proximal siting of DER to load on feeders. The Study methodology provides a template for the more detailed integrated distributed system resource planning that is necessary to make informed decisions about priorities for where the utility needs to invest in modernization equipment to enable third parties to install the DER and energy management systems to conserve power and manage peak loads. In the absence of grid data, the DCSEU only has access to customer data when a customer grants data authorization which then provides the DCSEU Green Button 15-minute interval data. ENERGY STAR® benchmarking provides higher level (monthly) data on bldgs. >25,000. Greater transparency of need and capacity on feeders and at substations is necessary.

Additional studies are needed to enable and accelerate the progress of microgrids. Currently these projects take a long time, particularly with the interconnection process.

²⁶ Formal Case No. 1130, In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability, Order No. 20286, 1/24/2020

²⁷ <https://www.mass.gov/info-details/solar-massachusetts-renewable-target-smart-program>

6.7.Attachment 6 – FY25 DCSEU Outreach Summary