



December 18, 2017

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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 1130 - In the Matter of the Investigation into Modernizing the Energy Delivery System for Increased Sustainability

Dear Ms. Westbrook-Sedgwick:

Enclosed, please find for filing the comments of the Sierra Club in response to the Commission Order No. 19143 and Staff's Proposed MEDSIS Vision Statement. If you have any questions regarding this filing, please do not hesitate to contact the undersigned.

Thank you for your consideration.

Respectfully submitted,

/s/ Mark Rodeffer
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Chair, DC Chapter

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Enclosure



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

In the Matter of the Investigation into)
Modernizing the Energy Delivery System) Formal Case No. 1130
for Increased Sustainability)

**COMMENTS OF THE SIERRA CLUB IN RESPONSE TO THE COMMISSION ORDER NO. 19143 AND
STAFF’S PROPOSED MEDSIS VISION STATEMENT**

Sierra Club hereby submits these comments in response to the Commission Order No. 19143 (“Order”) and the Staff’s Proposed MEDSIS Vision Statement (“Proposed Vision Statement”). Sierra Club appreciates the effort of the Commission Staff in publishing the Proposed Vision Statement and recognizes this document as an important foundation that will support a robust proceeding on the future of the energy delivery system. We also appreciate the Commission providing stakeholders the opportunity to submit comments in this matter.

The Sierra Club is the nation's oldest and largest environmental advocacy group. We are a grassroots organization with 3,000 dues-paying members in the District of Columbia and more than 10,000 supporters in DC. Our top priority is combatting climate change, the biggest threat the planet has ever faced. We work to shift away from dirty fossil fuels that cause climate change and instead move toward a clean energy economy.

Sierra Club has a number of comments in response to the Order and Proposed Vision Statement, which are outlined below:

- Sierra Club proposes several modifications to the MEDSIS Vision Statement
- Sierra Club recommends that the Commission convene issue-specific working groups facilitated by an independent consultant, which will enable a more robust stakeholder process.
- Sierra Club recommends that a consultant be retained to facilitate these working groups



using a portion of the MEDSIS Pilot Project Fund Subaccount.

- Sierra Club urges the Commission to advance the MEDSIS process more rapidly so that District residents could enjoy the sustainability, reliability, and resiliency of a modernized energy delivery system.

Thank you for your consideration.

Comments on Staff's Proposed MEDSIS Vision Statement

Sierra Club commends the Staff's efforts to create the Proposed Vision Statement for MEDSIS and believes that a vision statement is necessary to focus the efforts of MEDSIS. The structure of the Proposed Vision Statement – a short, descriptive statement followed by more detailed definitions – provides both clarity of overall vision and sufficient explanatory detail to guide the important work of the MEDSIS initiative. Sierra Club recommends a number of amendments that will strengthen the MEDSIS Vision Statement.

First, the Vision Statement should more greatly emphasize the concept of “sustainability”. Currently, the Proposed Vision Statement sandwiches sustainability in the middle of six attributes of a modern energy delivery system: “*safe and reliable, secure, affordable, sustainable, interactive, and non-discriminatory*”. The acronym for this MEDSIS proceeding – Modernizing the Energy Delivery System for Increased Sustainability – clearly demonstrates the importance of sustainability as the primary goal for the modernization of the energy delivery system. Therefore, sustainability should be moved to a more prominent position in the front of the vision statement to emphasize its importance to the MEDSIS process. Similarly, the definition for “sustainable” should come first among the definitions that follow the Vision Statement.

Second, the Vision Statement should replace the phrase “preserve the financial health of the energy distribution utilities” with “allow energy distribution utilities the opportunity to earn a



reasonable return on investments prudently made”. The obligation of the Commission is not to guarantee the financial welfare of the energy distribution companies; rather it is to create the conditions under which the energy distribution companies have a reasonable opportunity to succeed financially through the delivery of quality service at reasonable rates. The modernization of the energy distribution system will change the performance expectations that undergird the concepts of reasonableness and prudence. For this reason, performance-based ratemaking is necessary to further align utility financial incentives with the achieving the objectives of MEDSIS.

Third, the definition of “Safe & Reliable” focuses exclusively on the mitigation of system costs incurred by increasing volumes of interconnected DERs,¹ but overlooks the potential for DERs to create value by providing beneficial distribution services. DERs have the potential to cost-effectively serve a number of distribution system needs, such as resource adequacy, local system reliability and resiliency to extreme weather events. The MEDSIS goals should consider in equal measure the mitigation of system costs and capture of system benefits from DERs.

A Full Assessment of the Current Capabilities and Characteristics of the District’s Current Energy Delivery System is Unwarranted

Sierra Club believes that a full assessment of the current capabilities and characteristics of the District’s current energy delivery system is unwarranted for several reasons. First, a need for such an assessment has not been established. Second, the focus and scope of such an assessment is not clearly defined. Third, the proposed funding source for the study, the MEDSIS Pilot Project Fund Subaccount, can be put to more beneficial uses by retaining an independent consultant to facilitate workgroups to advance the MEDSIS process and by funding pilots that achieve MEDSIS objectives. For the reasons enumerated above, a full assessment of the current capabilities and characteristics

¹ “The Commission will ensure that utilities meet and improve safety and reliability performance and that increasing volume of DERs interconnecting to the District’s *grid does not negatively impact* the safety or reliability of the energy delivery system...” Emphasis added. Staff’s Proposed MEDSIS Vision Statement, at p.3.



of the District's current energy delivery system is unwarranted and would unnecessarily delay the MEDSIS process.

Commission Should Retain an Independent Consultant to Facilitate Stakeholder Working Groups to Implement the MEDSIS Process

In a statement appended to Commission Order No. 18673 in this docket, Commissioner Beverly calls for the convening of working groups to address the various issues raised in the MEDSIS proceeding.² Sierra Club agrees with the letter from Commissioner Beverly that it would be useful to convene issue-specific working groups to work through the various issues raised by MEDSIS.³ These working groups should be open to broad representation from stakeholders, including advanced energy technology and service providers. As Commissioner Beverly notes, a working group structure would allow stakeholders to discuss relevant issues in a “more fluid give and take manner.”⁴ The working groups should be assigned a timeline with specific deliverables, including the presentation of issue-specific recommendations to the Commission. Working group recommendations may either be consensus or non-consensus recommendations, but should strive to encompass the diverse perspectives and experience of stakeholders to the MEDSIS process. The Maryland Public Service Commission recently convened working groups as part of Maryland's grid modernization proceeding (Public Case 44), with each working group aligned along one topic considered in that proceeding.⁵ The Maryland stakeholder model has already led to robust stakeholder discussion and collaboration on a number of issues in that proceeding. The DC Commission should convene working groups similar to the Maryland model as a framework to

² “Statement of Commissioner Richard Beverly”, appended to the MEDSIS Staff Report.

³ *Ibid.*, at pp.3-4.

⁴ *Ibid.*, at p.4.

⁵ PC44 Workgroups were convened on the following issues: Rate Design, Electric Vehicles, Competitive Markets and Customer Choice, Interconnection Process, Energy Storage, and Distribution System Planning (if sufficient funding available).



work through the important issues raised by MEDSIS.

The efficacy of the stakeholder working groups would be enhanced if they were led by an independent consultant with subject matter expertise and experience in workgroup facilitation. A qualified independent consultant could guide workgroup conversations, mediate disagreements, and drive toward consensus on policy recommendations that further the goals of MEDSIS. Additionally, the consultant could balance the hugely disproportionate resources available to utilities vis-à-vis public-interest and community-based stakeholders. The consultant mediator would also be responsible for ensuring the workgroup stays on schedule and completes its deliverables to the Commission. The independent consultant could be funded through a portion of MEDSIS Pilot Project Fund Subaccount.

MEDSIS Proceeding Must Advance More Rapidly

The Order and Proposed Vision Statement do not appear sensitive to the need to advance FC1130 more rapidly. The Capital Grid Project (FC1144) is illustrative of the opportunity cost associated with the lower priority and lengthy timeframe afforded to FC1130 by the Commission. As new investments are approved by the Commission without the benefit of the sustainability principles of the MEDSIS proceeding, these investments are unlikely to advance the modernization goals of this proceeding and will result in opportunity costs for customers in the hundreds of millions of dollars. Sierra Club respectfully asks that the Commission advance FC1130 as quickly as can be accommodated by the PSC calendar and with provisions for participation by stakeholders. Sierra Club also requests that the MEDSIS Pilot Funds be directed toward demonstrating the feasibility of a cost-effective non-wires alternative to defer construction of the Mt. Vernon Substation proposed by Pepco in its Capital Grid Project.



Conclusion

Sierra Club appreciates the opportunity to submit these comments in response to Commission Order No. 19143 and the Staff's Proposed MEDSIS Vision Statement and respectfully asks that the Commission consider the proposals included in these comments. First, Sierra Club proposes several modifications to the MEDSIS Vision Statement. Second, Sierra Club recommends that the Commission convene issue-specific working groups, which will enable a more robust stakeholder process. Third, Sierra Club recommends that a consultant be retained to facilitate these working groups using a portion of the MEDSIS Pilot Project Fund Subaccount. Finally, Sierra Club urges the Commission to advance the MEDSIS process more rapidly so that District residents could enjoy the sustainability, reliability, and resiliency of a modernized energy delivery system.

Sierra Club is happy to answer any questions regarding these comments and looks forward to continued participation in the MEDSIS proceeding.

Respectfully submitted,

/s/ Mark Rodeffer
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