

Memo to MD Legislators: Pepco's Own Documents Suggest the Company Can Easily Manage Electricity Growth Under the Climate Solutions Now Act (SB 528)

To: Members of the Maryland Senate Education, Health and Environmental Affairs Committee and Budget And Taxation Committee

From: Mike Tidwell, Executive Director, Chesapeake Climate Action Network Action Fund

On Tuesday, Feb. 15, representatives from Potomac Electric Power Company (Pepco) suggested that they were unprepared for the kind of electrification expansion envisioned under Sen. Paul Pinsky's Climate Solutions Now Act (SB 0528). This is totally surprising given that in August, 2021, Pepco released a [study](#) (see attached cover letter) showing that under Washington D.C.'s ambitious climate goals, they are prepared to meet electrification needs.

To quote Pepco's cover letter for the report, "the study found that **future growth in the Pepco DC distribution system will remain well within the rate of system growth that Pepco DC has successfully managed and operated historically, even under the assumption that the District's landmark decarbonization goals are met largely through new electrification initiatives.**" Historically, Pepco has reliably managed annual peak demand growth rates well in excess of 2%. This report states that if widespread electrification occurs in D.C., peak demand is estimated to grow at an average annual rate of 1.4% to 1.7% between 2021 and 2050, well below growth rates Pepco has reliably managed in the past.

Clearly Pepco's own documents show they are highly confident they can manage significant electricity growth in Maryland's neighboring state of DC, with 670,000 people. It is baffling, therefore, that Pepco is opposed to SB 528, saying that electricity growth under climate policies in Maryland would somehow be a giant challenge for their service territory in Montgomery and Prince George's Counties. The stated position of Pepco in Maryland just doesn't appear to add up.

Andrea H. Harper
Assistant General Counsel

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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. 1167

Dear Ms. Westbrook-Sedgwick:

Pursuant to Order No. 20754, Potomac Electric Power Company (“Pepco”) submits to the Public Service Commission of the District of Columbia (“Commission”) its electrification study. The purpose of this study is to assess the impact of electrification on the Pepco DC system by using average growth in system peak demand between 2021 and 2050 as a proxy for the overall impact on the Pepco DC distribution system. The study demonstrates the potential role of energy efficiency (“EE”) and load flexibility in moderating the load impacts of electrification on the Pepco DC power grid. Through Clean Energy DC, the District has established the pathway to meeting its decarbonization goals involves an emphasis on energy efficiency and conservation, followed by decarbonizing the electric supply, including expanding local solar, and, finally, using decarbonized electricity to electrify as much as possible. Pepco, through its Climate Solutions Plan, will execute a multi-faceted strategy that will advance a smarter, stronger and cleaner energy system to help the District of Columbia achieve its leading climate goals and to achieve carbon neutrality by 2050.

The study found that future growth in the Pepco DC distribution system will remain well within the rate of system growth that Pepco DC has successfully managed and operated historically, even under the assumption that the District’s landmark decarbonization goals are met largely through new electrification initiatives across all sectors. As shown on page 3 of the study, under certain assumptions Pepco’s study estimates that peak demand will grow at an average annual rate of 1.4% between 2021 and 2050. Between 1950 and 2020, Pepco managed annual peak demand growth rates on its DC system well in excess of 2%.

The District’s decarbonization and supporting goals extend over a 30-year period, allowing the load growth associated with electrification to be addressed at a manageable pace spanning three decades. Moreover, EE and load flexibility can significantly reduce future increases in peak demand and can be scaled up as electrification initiatives gain traction. Indeed, with an achievable

Ms. Brinda Westbrook-Sedgwick

Page 2

August 27, 2021

portfolio of EE and load flexibility measures, the annual peak demand growth rate can be reduced from a projected 1.4% down to 0.9% between 2021 and 2050. Finally, heating electrification is expected to shift the Pepco DC system peak to the winter season, which is currently lower than its summer peak demand. As a result, heating load will have “room to grow” before it begins to contribute to new capacity needs.

While this study focuses on system-wide impacts, it is anticipated that load growth would be location specific and based on localized grid conditions and trends. Pepco does anticipate local capacity needs and enhancements associated with broad electrification, yet these investments could be moderated, as discussed above.

Pepco will remain a key partner to the Commission and the District in their efforts to achieve District climate goals and looks forward to continuing to work with the Commission, the District government and other stakeholders to successfully combat the effects of climate change.

Please contact me if you have any further questions.

Sincerely,

s/Andrea H. Harper
Andrea H. Harper

Enclosures