CLEAN ENERGY DC ACT of 2018

Executive Summary:

The Clean Energy DC Omnibus Amendment Act of 2018 ("Clean Energy DC" Act) contains four key provisions designed to make the District a global climate leader:

1. **100% RPS by 2032:** Increases DC's Renewable Portfolio Standard ("RPS") to 95% tier one with at least 5% solar in 2032 and requires 80% of a supplier's electricity come from long-term Power Purchase Agreements ("PPAs");
2. **Increased funding for local sustainability initiatives:** Under the Sustainable Energy Trust Fund ("SETF"), triple the natural gas assessment, double the electricity assessment for dirty energy while exempting electricity from renewable sources, and apply a new 8.4 cents per gallon assessment on sales of heating and fuel oil. This revenue would be used to finance the Green Finance Authority (commonly known as the District's Green Bank) and strengthen funding available for low-income energy assistance;
3. **New and more aggressive building energy performance standards:** Establishes a new building performance standard equal to or greater than DC's median ENERGY STAR score for designated buildings, and provides pathways to achieve these new standards. The established Building Energy Performance Standard Program for privately-owned and District government buildings would be the first of its kind in the country;
4. **Reduced transportation emissions:** Empowers the Mayor to commit DC to participation in future regional initiatives to reduce transportation GHG emissions and authorizes the Mayor to Impose a GHG fee on motor fuel should Maryland or Virginia enact similar legislation. Revises DC's vehicle excise tax to be dependent on fuel efficiency, therefore incentivizing the purchase of fuel-efficient cars in the District.

100% RPS by 2032 Renewable Energy Amendments (39-149):

DC's Renewable Portfolio Standard ("RPS") is amended to adhere with the following timeline:

- In 2019, 17.5% tier one and 0.5% tier two renewable sources, with at least 1.5% from solar.[1]
    - Beginning in 2021, increase tier one by 6.25% and solar by 0.325%, while tier two remains zero.
    - In 2032, 95% tier one with at least 5% from solar.

- Beginning in 2020, 26% of a Standard Offer Service ("SOS") supplier's electricity must come from long-term power purchase agreements ("PPAs") of a tier one renewable source. PPAs are defined as agreements of 7+ years.
    - Increased to 52% in 2021, and 80% in 2022.

[1] D.C. Law 15-340 (§ 34-1431)

- Beginning in 2022, require competitive electricity suppliers to meet their RPS standard by obtaining at least 70% of its renewable energy credits ("RECs") from sources with which the supplier has long-term PPAs.

After 2032, solar requirements continue to increase based on the following formula: the solar percentage achieved two years prior, multiplied by 1 + the average percentage increase in solar capacity in the prior two years.

Beginning in 2020, if the RPS solar percentage exceeds that year's goal, the subsequent year's goal is re-evaluated at: 1 + the percentage difference between the initial year's goal and actual solar achieved, times the subsequent year's goal. Clean Energy DC caps solar capacity at 1.68 GW.

NOTE: All renewable energy must be sourced from the PJM interconnection region, repealing the previous option to source from states neighboring the PJM.

Finally, the Section 103 of Clean Energy DC mandates that the Office of the People's Counsel (OPC) and the Public Service Commission consider the effects of climate change and global warming when advocating on matters pertaining to the Public Service Commission and the operation of public utilities or energy companies.

Expansion of the Sustainable Energy Trust Fund (150-210):

Clean Energy DC triples the Sustainable Energy Trust Fund ("SETF") assessment on natural gas from $0.01505 to $0.04515 per therm in 2020 and doubles the per-kilowatt-hour assessment on electricity from $0.001612 to $0.0029016 in 2020 (for dirty energy only; electricity from renewable sources covered by RECs under the RPS is exempt from the SETF). Beginning in 2021, this assessment on natural gas would decrease by approximately $0.00014 annually until 2032, when it stabilizes at $0.001612 for each year thereafter.

$15 million in SETF revenue will go to fund the Green Finance Authority (commonly known as the Green Bank) in 2020 and 2021, but will decrease to $10 million annually for 2022-2025.

In FY2020 and beyond, at least 20% of SETF funds generated by the increased assessment on natural gas are to be used by DOEE or SEU to exclusively benefit low-income residents (including bill assistance, energy efficiency, weatherization, fuel-switching programs, and improvements to commercial/institutional buildings serving low-income residents).

Clean Energy DC also imposes on any person or organization who delivers heating oil or fuel oil to DC customers an assessment of 8.4 cents per gallon on sales.

Building Energy Performance Standards and Benchmarking (211-278):

Clean Energy DC establishes a new Building Energy Performance Standard Program ("BEPSP") for privately-owned and District government buildings, the first of its kind in the country.

Beginning in 2020, DOEE will conduct building energy performance assessments on all applicable buildings every 5 years. This standard will be no less than the median ENERGY STAR score for that type of building.

- In 2020, this will apply to all existing DC-owned buildings of at least 10,000 square feet and private buildings of at least 50,000 square feet.
- In 2023, this will be expanded to apply to all existing privately-owned building of at least 25,000 square feet.
- In 2026, this will again be expanded to apply to all privately-owned buildings of at least 10,000.

Any building found to be below standard will have five years to meet compliance. A 3-year exemption may be granted under special circumstances. Any buildings that do not meet the requirements will be penalized by DOEE.

DOEE will provide the following pathways to achieve these reductions:

- Performance: pathway to achieve 20% reduction in sites' energy use intensity, compared to the previous 5 years
- Prescriptive: pathway to implementing cost-effective energy efficiency measures
- Other compliance pathways established by DOEE

DOEE will also work with SEU and GFA to incentivize and provide assistance for qualifying affordable housing providers and building owners. DOEE will release a report by 2023 on whether to revise the standard and the timeline to do so.

Transportation Initiatives to reduce carbon emissions (279-317):

Clean Energy DC empowers the Mayor to commit DC to participation in future regional initiatives to reduce transportation GHG emissions, and authorizes the Mayor to impose a GHG fee on motor fuel should Maryland or Virginia enact similar legislation.

Clean Energy DC also revises DC's vehicle excise tax to increase or decrease based on the difference between the benchmark standard and the fuel efficiency of newly-titled vehicles in the District of Columbia. In other words, if the efficiency is below the benchmark the excise will increase, and if is above then it will decrease.

This initiative aspires to be revenue neutral: increased revenue from vehicle excise tax rates on high emissions vehicles will be offset by decreased payments coming from consumers who purchase more fuel-efficient vehicles.

NOTE: These modifications to DC's vehicle excise tax would not apply to electric vehicles or vehicles owned by individuals eligible for a federal Earned Income Tax Credit (EITC).