

District Department of the Environment Overview of the Clean and Affordable Energy Act of 2007

Status: Bill was introduced by Councilmember Cheh, with eight co-sponsors, on November 6th. Is likely to come up for a hearing before the Committee on Public Services and Community Affairs some time in January.

It proposes the following:

Two New Energy Funds

- Replaces the Reliable Energy Trust Fund and the Natural Gas Trust Fund with the Sustainable Energy Trust Fund and the Energy Assistance Trust Fund, each funded by existing surcharges in electricity and natural gas bills. Like the funds they replace, they do not lapse at the end of the fiscal year.
- Sustainable Energy Trust Fund will fund a contractor to be selected by DDOE, termed a “Sustainable Energy Utility” in the bill, with 10% of the contract price going to DDOE to provide “administration and oversight” of the new entity. This fund is projected to amount to about 20 million a year, plus any money from the Regional Greenhouse Gas Initiative (RGGI).
- Energy Assistance Trust Fund is to go to DDOE, is projected to amount to about 5 million a year, and is intended to allow DDOE to continue providing energy services to low-income residents.

Sustainable Energy Utility (SEU)

- Will “[d]esign and deliver comprehensive end-user energy efficiency and customer-sited renewable energy services to households and businesses in Washington, D.C.”
- Charged with the following: reducing electric and gas use by a level set in the contract, reducing peak electricity demand, implementing programs and/or incentives covering renewable energy, fostering development of green collar jobs, reducing the electricity and natural gas bills of low-income residents, coordinating efforts with similar entities (if any), and reducing energy use. Will likely rely on subcontractors for much of the implementation.
- Selected by DDOE to operate under a performance contract lasting 5-7 years and worth 15 – 20 million per year, plus any RGGI funds (projected to be between 2 and 5 million). Pepco and Washington Gas are not eligible to be the SEU, but can be subcontractors.
- Will have access to \$100 million bond. Not yet clear how bond will be structured but it is probably possible to avoid relying on District’s full faith and credit.
- Provides biannual reports to Oversight Board and DDOE.

Sustainable Energy Utility Oversight Board

- Composed of the following: DDOE (Chair), 4 Mayoral appointees, 2 appointees from Councilmember Cheh’s committee, PSC Chair, OPC, Pepco, and Washington Gas.
- Reviews DDOE RFP to create the SEU

- Reviews SEU contract change requests.
- Will “[d]raft and approve set of annual and contract term performance requirements”, based on duties of SEU listed above, and design a set of performance-based incentives for the SEU contract.
- Will “[s]elect an independent professional individual, organization, or corporation to monitor and verify results reported by SEU in annual reports and contract-term reports...”

New DDOE Obligations

- Draft RFP to create SEU, with help from outside contractor with related experience
- Select SEU, with assistance from Oversight Board
- Oversee SEU contract
- Administer Energy Assistance Trust Fund
- Provide staff and resources (\$250,000) to Oversight Board
- Continue energy programs until SEU created
- Determine trade name for SEU
- Hire monitor selected by Oversight Board

Other Provisions

- Increases the renewable energy portfolio standard, arriving at 20% by 2020 with .4% to come from solar. Electricity suppliers must buy solar from local sources, under a contract of at least 15 years, or pay fee in lieu, if sources insufficient; under 10 kw generators get up front payment for entire contract amount, with amount of payment to be determined by PSC.
- Authorizes DDOE to enter into inter-state air quality agreements, including RGGI.
- Establishes technical specifications for solar systems.
- Amends Green Building Act to: 1) require Energy Star benchmarking for buildings over 10,000 sq ft., effective 2009 for DC govt and in stages for private sector, and 2) to require applicants for new construction or substantial improvement of buildings over 10,000 sq ft to estimate energy performance using the Energy Star Target Finder Tool and for the buildings to be benchmarked annually using the Energy Star Portfolio Manager, starting in 2012.
- Directs PSC and OPC to minimize adverse effects of energy company operations.
- Directs PSC to issue model interconnection rules.