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President Pepco Region

EP9420
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February 26, 2021

VIA ELECTRONIC MAIL

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Montgomery County Executive Marc Elrich
Executive Office Building
101 Monroe Street, 2nd Floor
Rockville, MD 20850

RE: Comments of Pepco on the Montgomery County Climate Action Plan

Dear County Executive Elrich:

On behalf of Potomac Electric Power Company (“Pepco” or the “Company”), I want to thank you for the opportunity to provide comments on the proposed Montgomery County Climate Action Plan (“MCCAP”). Pepco supports Montgomery County’s leadership in addressing climate change, with a strategic focus on resiliency. We value the open and constructive approach your Administration has taken in soliciting public comments to inform this critical plan. Pepco looks forward to being an active partner in reducing greenhouse gas (GHG) emissions and investing in the infrastructure and technology necessary to help withstand the worst impacts of climate change on our system and for all our customers. As the electric utility that serves the majority of Montgomery County, Pepco recognizes that we have a unique role in helping to make this transition to a more decarbonized future equitably and affordably, through our platform – the electric grid – which we are making smarter, stronger and cleaner. It is in this spirit that Pepco provides these comments to MCCAP, which are organized as follows:

- 1. Introduction**
- 2. Clean Energy Actions**
- 3. Building Actions**
- 4. Transportation Actions**
- 5. Carbon Sequestration Action**
- 6. Climate Adaptation Action**
- 7. Public Engagement, Partnerships and Education**
- 8. Conclusion**

Introduction

Maryland is a national leader in combating climate change and advancing energy efficiency and affordable clean energy solutions. The state has taken significant steps to increase the amount of renewable energy developed and delivered to Maryland’s electric customers. Additional actions undertaken include reducing energy consumption, electrifying transportation, and increasing

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Pepco also closely monitors our distribution system and capacity limits to effectively manage the growth of renewable energy generation to support a diverse and decarbonized energy mix. For example, Pepco worked with Montgomery County to construct large scale solar facilities at Oaks Landfill. As investments in solar photovoltaic systems increase and evolve, Pepco will need to continue to invest in and add facilities in the County, including feeders and substations, to reliably manage the electric distribution grid. Our continued collaboration with both private sector entities and Montgomery County on system capabilities will be important in increasing the amount of [REDACTED] a 100% RPS standard by 2030.

3. Building Actions

Pepco supports the MCCAP goals to make buildings in the county more resilient and energy efficient. The EmPOWER Maryland Energy Efficiency Act of 2008 authorizes and establishes the framework that allows Pepco to offer energy efficiency programs that provide cost-effective, long-term benefits, including reduced energy consumption and costs, smart investments in customer-facing tools, job creation, and improvements to the local environment. EmPOWER MD programs are designed to deliver 2% energy savings to customers annually. Pepco currently offers a robust portfolio of energy efficiency programs, including lighting and appliance rebates for homeowners, the Home Performance Program with ENERGY STAR (e.g., home energy assessments and 50% rebates for energy improvements like insulation and air sealing), commercial lighting rebates, and energy efficiency services for industrial facilities. Pepco has successfully engaged public and private sector entities on small- and large-scale energy efficiency projects throughout Montgomery County.

Pepco also has a longstanding partnership with several Montgomery County departments and agencies to increase awareness around energy efficiency and sustainability efforts within the county. Our partnerships have created innovative ways for customers to participate in energy efficiency programs, while helping customers save money and combat climate change. For example, the Home Performance Program is funded by proceeds from the merger of Pepco and Exelon Corporation. The program provides money for homeowners with modest incomes to make improvements that save energy and reduce electric bills. Through Pepco's Energy Savings for Business Program, the Company partnered with Montgomery County to complete nearly 90 projects, saving over 18.9 million kWh annually. In addition, Montgomery County reduced its own utility expenses by more than \$2 million per year and secured over \$2.8 million in Pepco incentives to implement a myriad of projects since 2009. Pepco is also working with the County to plan for new energy efficiency opportunities through participation in Pepco's Energy Efficient Communities (Communities) Program. The Communities Program offers cash incentives, technical expertise, outreach, and educational opportunities to municipal and government customers interested in making energy efficiency upgrades.

Finally, as part of its current energy efficiency program offerings, Pepco offers individual customers Quick Home Energy Check - Ups ("QHEC"). The QHEC program provides free audits and measures to both owners and renters living in low income areas. Low - income customers receive tailored messaging such as low/no - cost energy savings designed to be relevant to their needs. To reach deep decarbonization goals in MCCAP, Montgomery County will need to realize significant energy efficiency savings and Pepco looks forward to continuing to work with the

5. Carbon Sequestration Actions

Accomplishing the GHG goals outlined in the MCCAP requires actions to capture and sequester carbon-dioxide. Pepco supports the county's recommendation in MCCAP to retain well-managed forest land and maintain the urban tree canopy to both provide for sequestration opportunities, as well as help reduce the urban heat island effect and provide shade for homes and buildings. Pepco's Right Tree, Right Place partnership with the Arbor Day Foundation is an example of how it

Balancing reliability with the benefits associated with a healthy tree canopy is essential to our commitment of providing safe and reliable energy service for our customers. Pepco performs routine tree and vegetation maintenance in accordance with standards that are outlined in the Code of Maryland of Regulations ("COMAR") on regular cycles to limit the vegetation that could potentially impact our infrastructure, causing outages for customers. We rely on specialized arborists and our partnership with the county to manage this work. These efforts will continue to grow in importance as we experience more frequent and severe weather events caused by climate change. In addition to routine maintenance, we also perform some off-cycle work when corrective maintenance is needed, including assisting property owners with the removal of unsafe trees near power lines. For rights-of-way below high voltage transmission lines, we generally mow and treat the land every four years to prevent trees and other vegetation from growing into the equipment, while working to protect pollinator plants and species. Depending on the voltage, transmission lines may fall under the guidelines of the Federal Energy Regulatory Commission ("FERC") or the North American Electric Reliability Corporation ("NERC"), which means that they are subject to strict standards and may be maintained annually.

Pepco also helps to preserve and protect wetland areas within our service territory, which provides a positive climate impact and supports climate adaptation. We work closely with government agencies and others to ensure compliance and provide a proactive approach to conservation and protection. We use the latest site assessment and planning techniques to protect habitats when we design, build, and operate new facilities as well as when we go about daily activities, such as maintaining power lines that fall within wetland environments. Pepco works closely with federal, state, regional, and local agencies to obtain wetland permits and helps to protect and preserve these locations so that they can continue to provide an important role in climate mitigation, adaptation, and resilience.

The current provisions of the Carbon Sequestration recommendations under the MCCAP do not pose any immediate concerns to Pepco's vegetation management practices and wetland protection efforts. In fact, we believe that our efforts in this space complement the measures proposed under the MCCAP and look forward to continued collaboration in this area.

6. Climate Adaptation

Pepco has identified the Mid-Atlantic area/region climate-related risks to be increasing temperatures, potential increased storm severity and "worst recorded" storm events, sea-level rise, and transient or permanent flooding. Increased storm or flood damage could increase equipment damage and recovery time across the system. As Pepco prepares for a changing climate and invests in the equipment, technology and infrastructure for a smarter, stronger and cleaner grid that can

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withstand the impact of climate change, we will continue to support the efforts and recommendations of the MCCAP. Toward that end, Pepco has engaged in multiple system design and engineering efforts including:

1. Constructing redundant supply into many critical facilities, construction of new substations to balance growing load demands,
2. Reconfiguring supply lines to substations to mitigate single points of failure, and ██████████ ground switching equipment to automatically reconfigure and restore customers in the event of an outage.

Over the past ten years, energy system upgrades and new innovative technologies have reduced the frequency of electric outages by 68 percent for Pepco customers and communities. Several major projects over the next several years across the Pepco service area will help modernize the local energy grid and continue to enhance overall reliability and resiliency for customers; these projects include:

1. Takoma to Sligo Project– The Takoma to Sligo Project began in 2018 to install three new 69 kilovolt underground lines between the Takoma and Sligo substations to increase capacity of the Sligo substation. This project also upgrades and installs new equipment at each substation to further enhance reliability for customers.
2. Sligo to Linden Project – The Sligo to Linden Project will install three new 69 kilovolt underground lines between the Sligo and Linden substations to increase area reliability.
3. White Flint Substation – This new substation began construction in March 2020 and will meet the growing energy needs of customers in the area.
4. Steel Pole Installation – Pepco has been replacing wooden transmission poles with stronger steel poles along approximately 2.25 miles of public space and existing Pepco right-of-way in Gaithersburg and Montgomery Village in Montgomery County. These new steel poles help make the local energy grid stronger and more resilient. Steel poles offer significant improvements in reliability, longevity, and durability when compared to wood poles, and require less maintenance over time.

These infrastructure investments will ensure that Montgomery County customers benefit from the high - performance service levels to ensure safe, secure, and reliable service for our customers.

Pepco also continues to explore investments in public microgrids in targeted areas and applications, as well as additional distributed energy resources and system automation to enhance grid resiliency. Pepco believes that microgrids connected to the utility system can be deployed strategically to support critical infrastructure in the county, including emergency shelters. The incorporation of renewable energy and battery storage in the design of microgrids aligns with the MCCAP goals to reduce the use of fossil fuel generation and corresponding GHG emissions. Pepco's ongoing infrastructure investments should be considered in the county's efforts to address critical infrastructure and resilience concerns. As the demands of a changing climate require new

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investments, Pepco will ask the County to consider partnering to engage other key stakeholders on the importance of and efficient recovery for these investments and others that will result in a more resilient system for all customers

7. Public Engagement, Partnerships, and Education Actions

Pepco can be a strong partner in helping the county reach its climate goals. This includes robust ██████████ that communities are empowered and engaged on issues of climate change. Pepco currently maintains a commitment to community outreach through a wide variety of initiatives that align with the county's outreach goals in the MCCAP. As the county seeks to enhance climate communications for the community and solicit public support and collaboration on sustainability efforts, Pepco believes that our existing engagement strategies, partnerships, and education activities can support these efforts.

Pepco partners with several nonprofit organizations to offer environmental and STEM learning experiences for children and families in the region, this includes:

- Pepco and the KID Museum in Bethesda partner on STEM education with a focus on the energy industry through innovative climate solutions.
- Pepco also partners with the Exelon Foundation to support energy and climate change education for teachers and students reaching 150 schools in Montgomery County, Prince George's County and the District of Columbia. Schools receive year-round tools and resources, including professional development opportunities for teachers and a hands-on classroom curriculum. The program offers student led energy audits for school buildings, field trips for students and teachers and a grant for supplies.
- Pepco hosts tours at the Pepco WaterShed Sustainability Center in Rockville. The Center features an energy-efficient house, designed, and built by students and faculty from the University of Maryland. The house demonstrates sustainable building design, renewable energy and a working microgrid. The center is designed as a net-zero energy home with smart thermostats, high-efficiency HVAC systems and an electric vehicle charging port. The integrated home and landscape design can also harvest, recycle, and reuse water through the constructed wetlands, native-plant landscaping, edible green walls, and raised-bed vegetable gardens. In 2014, the Center opened to the public and was also certified under the Wildlife Habitat Council's Corporate Lands for Learning Program. The Pepco WaterShed Sustainability Center features real-life demonstrations of emerging energy efficient technology and substantiable construction.
- Pepco participates with a number of community stakeholders on issues of energy efficiency, utility infrastructure, and other relevant issues. We engage in a variety of outreach forums, including community meetings, traditional and social media channels and paid advertising, and partnerships with community-based organizations. These interactions and engagements offer additional opportunities to educate customers and communities about climate change and actions individuals can take to reduce their GHG footprint.

[REDACTED]

We look forward to working with the county to leverage these and other platforms and initiatives to engage and educate the public on climate change.

8. Conclusion

[REDACTED] investing in a clean energy future built on the foundation of a smarter, stronger, cleaner and affordable grid for our customers and the communities that we are privileged to serve. Through infrastructure upgrades, enhanced products and services, and new tools and technologies, Pepco will be a partner for progress in combating climate change by helping to increase energy efficiency, electrify transportation and enable local solar and storage, and utility scale renewable generation. Due to our scope and scale, we can both bring the benefits of a clean energy future and build resilience equitably and affordably for all customers. These advancements will also be considerate of ensuring that local and diverse businesses are partners in this evolution as well. Pepco appreciates the opportunity to work with the Board and other interested parties to help shape the MCCAP that thoughtfully considers ever-evolving technological developments in utility operations and reflects the economic realities faced by the utility community and its customers.

We thank you for your consideration and are available to share our input and experience.

Sincerely,



Donna Cooper
President Pepco Region

cc: **Montgomery County Climate Action Plan**
climate@montgomerycountymd.gov