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## D.C. Auditor Praises Effective Implementation of 2008 Energy Law

*New report recommends “congestion pricing” to curb passenger and commercial vehicle trips and submetering in residential buildings to reduce energy use*

**WASHINGTON, February 27, 2020**—When the District’s Clean and Affordable Energy Act (CAEA) was approved by the Mayor and Council in 2008 it was an ambitious, comprehensive set of initiatives designed to put the District at the forefront in combating climate change with the creation of the DC Sustainable Energy Utility and other steps to shrink the city’s energy footprint.

A dozen years later a study by the Office of the D.C. Auditor (ODCA) concludes the energy package has been implemented with fidelity, representing a success story of persistent and continuing oversight and the executive and legislative branches of government working together on an important public policy goal. “This is good news for residents,” said D.C. Auditor Kathy Patterson. “But with a challenge this large, there is more we can do to be efficient, reduce greenhouse gas (GHG) emissions, and move closer to carbon-free electricity use.”

To assess whether the CAEA had achieved its intended purposes, the law’s principal author, D.C. Councilmember Mary Cheh, asked ODCA to review the law’s effectiveness “in reducing the District’s contribution to climate change thus far and potential to reduce it further in the future.” She invited recommendations to make the programs more effective.

The new report, **2008 Clean Energy Law Spurs Progress but District Can Do More to Cut Emissions**, recommends additional steps including congestion pricing to reduce passenger car emissions expected to grow in the near term and enabling submetering in residential buildings to encourage District residents to reduce energy use.

The report shows Department of Energy and Environment (DOEE) data from 2015 indicate that most greenhouse gas emissions in the District can be traced to buildings (75%), with the greatest share of emissions coming from commercial and industrial buildings (32%), followed by residential buildings (24%) and transportation sources (23%).

The most significant area where the District needs to act to meet its climate goals is in addressing GHG emissions from passenger and commercial vehicles. To reduce those emissions ODCA recommends that the Mayor and D.C. Council establish a congestion pricing program once DOEE and DDOT studies have demonstrated its value to meet District climate goals. The report also recommends that DOEE study various options to require ride-hailing fleets to operate electric and hybrid-electric vehicles in the District.

Over time, GHG emissions from the District’s power use have declined. Between 2006 and 2015, emissions from electricity consumption decreased 30%, contributing to a 24% decline in the

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District's total GHG emission from all sources, according to the Clean Energy DC plan. DOEE attributes most of this decline to the decreasing carbon intensity of the electric grid, as coal power plants are retired and replaced with more efficient natural gas plants and renewable energy sources.

Another big issue remaining for D.C. is expanding the requirement that electricity distributors in the District procure a specific percentage of electricity from renewable sources of energy. "The standards do not actually require that the electricity delivered to the District come from carbon-free sources," the Auditor said. "The District's strategy to reduce carbon emissions from electricity generation, as amended and expanded by the CAEA, still has a way to go."

ODCA identified additional avenues to improve the energy efficiency of the District's building stock. The first is submetering—when the building owner pays a bulk rate for electricity on the basis of a utility-owned master meter, and then charges tenants for their actual individual usage based on property-owned submeters. Switching a building to submetered allows tenants to actually save money when they make choices to reduce their energy consumption.

The second is green leases, which incorporate specific clauses that allow the property owner to pass on some portion of the cost of energy efficiency improvements to the tenant in return for allowing the tenant and landlord to mutually benefit from the resulting energy savings. DOEE agreed with ODCA's recommendations that the District's policies should encourage both submetering—particularly in residential buildings—and the use of green leases.

The report also found that the DC Sustainable Energy Utility (DCSEU) has made progress in meeting its performance targets, but noted a comprehensive evaluation is complicated by changes in the statutory goals and targets. DCSEU clients told ODCA that many energy efficiency projects likely would have proceeded without the DCSEU's assistance and that the utility's involvement did not add efficiencies beyond the original plans. The report recommends that DOEE modify the utility's incentives to reward interventions that lead to additional energy savings and GHG emissions reductions and limit spending on projects that would have occurred without the utility's contribution.

In its lengthy and detailed response included in the report, the Department of Energy and Environment agreed in whole or in part with a majority of the recommendations and DOEE Director Tommy Wells wrote that the agency "has taken them under advisement for consideration going forward."

The report's other recommendations include:

- To more effectively align District regulatory policy with climate goals, the D.C. Council should consider establishing a zero-carbon electricity standard, which would provide a technology-neutral mechanism for encouraging new investments in carbon-free electricity generation.
- DOEE should align the DCSEU performance targets with the District's climate change strategy by prioritizing GHG reductions (versus energy savings).
- The Mayor, Council, and DOEE should consolidate the administration of energy efficiency services, potentially under the Green Finance Authority, to create a "one stop-shop" for consumers.

An earlier ODCA report, [The District's Worksite Parking Program Treats Employees Inequitably and Could Increase Revenue](#) faulted the District government for inconsistency with climate goals by subsidizing worksite parking for some District government employees.

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