



June 13, 2022

Amanda Maxwell
 Executive Director and Secretary
 Washington Utilities and Transportation Commission
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Re: Commission proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking (Phase 1 – Performance Metrics), Docket U-210590

Dear Secretary Maxwell:

Renewable Northwest appreciates the opportunity to submit comments in response to the Washington Utilities and Transportation Commission’s (“Commission”) May 2, 2022 Notice of Opportunity to File Written Comment regarding alternatives to traditional cost of service ratemaking in Docket U-210590 (“Notice”). We offer the following brief responses to the Commission’s prompts:

1. Please provide a list of your priority regulatory goals, desired outcomes, and a rationale for including those, using the table format illustrated below. Your suggested regulatory goals should align to the Commission’s statutory authority with respect to utility regulation in Washington. For each Regulatory Goal, there should be one or more desired outcomes that reflect what is desired from utility performance to achieve that goal. Please include a rationale for the goals and the outcomes, as applicable.

Regulatory Goal	Desired Outcome	Rationale
Cost-effective achievement of greenhouse gas emission reductions	<ul style="list-style-type: none"> • Reduce electric utility peaks including via load management and demand response • Adopt grid-enhancing technologies to integrate clean energy with existing transmission system • Identify transmission lines that can be reconducted to increase capacity of existing transmission system 	<ul style="list-style-type: none"> • The Commission has the general authority to “regulate in the public interest ... all persons engaging within the state in the business of supplying any utility service.” RCW 80.01.040. • With regard to “developing performance measures,” the Commission has the specific authority to consider “lowest

<p>Energy democracy and achievement of greenhouse gas emission reductions</p>	<ul style="list-style-type: none"> • Availability to customers of distributed renewables, storage, smart devices, and efficiency measures • Adoption of non-wires solutions to distribution system needs 	<p>reasonable cost planning, affordability, ... clean energy or renewable procurement, conservation acquisition, demand side management expansion ... attainment of state energy and emissions reduction policies, [and] rapid integration of renewable energy resources.” RCW 80.28.425.</p> <ul style="list-style-type: none"> • Regarding the public interest, the legislature has declared the policy of the state to “increase[e] energy conservation and the use of appropriately sited renewable energy facilities.” RCW 19.285.020. • Under the Clean Energy Transformation Act, “[i]t is the policy of the state that all retail sales of electricity to Washington retail electric customers be greenhouse gas neutral by January 1, 2030” and “that nonemitting electric generation and electricity from renewable resources supply one hundred percent of all sales of electricity to Washington retail electric customers by January 1, 2045.” RCW 19.405.040 & 050. • Also under CETA, the legislature issued a finding “that based on current technology, there will likely need to be upgrades to electricity transmission and distribution infrastructure across the
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		<p>state.” RCW 19.405.150(1).</p> <ul style="list-style-type: none"> • Finally under CETA, the legislature explicitly declared “that the utilities and transportation commission's statutory grant of authority for rate making includes consideration and implementation of performance and incentive-based regulation, multiyear rate plans, and other flexible regulatory mechanisms where appropriate to achieve fair, just, reasonable, and sufficient rates and its public interest objectives.” RCW 19.405.010(5). • Each of the identified outcomes will help achieve Washington’s clean energy goals, and each aligns with various policy rationales that have been specifically identified by the legislature and called out in these comments.
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Some of these goals overlap with those identified by the Northwest Energy Coalition in their April 27 comments to the Commission in this docket; we also support the goals and outcomes identified by the Coalition.

2. How well do current regulatory mechanisms accomplish goals and outcomes you listed above? Please share specific reasons for your answer.

Under the current regulatory paradigm and traditional cost-of-service regulation, there are potential disincentives or barriers to achieving each of the outcomes listed above. Again, we refer the Commission to the Northwest Energy Coalition’s April 27 comments in this docket for a discussion of some of those disincentives or barriers.

3. *Workshop 1, held on April 19, 2022, featured some discussion of metric design principles, which would be used as guidance to develop metrics to measure utility performance against the goals and outcomes. Please provide any specific metric design principles you would like the Commission to use when it adopts metrics, and why. Please also comment on whether the Commission should use the metric design principles listed below:*

- a. **Outcomes-based:** track outputs or outcomes, not inputs.*
- b. **Non-duplicative:** avoid any overlap of reward or penalty for legal or regulatory requirements*
- c. **Clear, measurable, and verifiable:** base metrics on easy-to-acquire data that can be verified — or even collected — by a third party.*
- d. **Evaluated regularly:** revisit the effectiveness of metrics and incentives on regular intervals with the expectation that adjustments may be made.*

Renewable Northwest offers the following initial suggestions for metrics based on each outcome we identified above:

- Reduce electric utility peaks including via load management and demand response

This outcome could be measured by megawatts, determined by comparing an electric utility's year-to-year summer and winter peaks, possibly adjusted to account for load growth and/or weather.

- Adopt grid-enhancing technologies to integrate clean energy with existing transmission system

This outcome could be measured by actual utility expenditures, with an appropriate percentage added to each dollar as an incentive for investment in technologies that may save money relative to more expensive capital-intensive solutions on the transmission system.

- Identify transmission lines that can be reconductored to increase capacity of existing transmission system

This outcome could be measured by megawatts of transmission capability added to existing transmission lines via reconductoring.

- Availability to customers of distributed renewables, storage, smart devices, and efficiency measures

This outcome could be measured in one of several ways: actual utility expenditures, avoided or deferred transmission and distribution expenses, or even avoided costs of compliance with other policies such as CETA.

- Adoption of non-wires solutions to distribution system needs

This outcome is perhaps best measured by determining avoided or deferred transmission and distribution expenses.

Another possible metric for most or all of the above outcomes is avoided greenhouse gas emissions, given that each of those outcomes should help Washington achieve decarbonization of the electricity sector.

4. Are there any additional considerations you would like to raise for the Commission related to regulatory goals, desired outcomes, and metric design principles, beyond what you have already shared in Workshop 1, held on April 19, 2022, and in response to the questions above?

Renewable Northwest appreciates the Commission's work on performance-based regulation as an important tool for achieving the transformation of Washington's electricity grid mandated by statute and needed to eliminate greenhouse gas emissions in line with science-based targets. We look forward to continued engagement in this process.

Respectfully submitted this 13th day of June, 2022,

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/s/ Max Greene

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