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Docket U-240281, Rulemaking required to implement ESHB 1589
Donna Albert, October 21, 2024

Thank you for this opportunity to comment on the rulemaking to ensure proper implementation of ESHB 1589, and for the workshops and materials you provided. Here are my comments regarding draft WAC 480-95.

WAC 480-95-010:

ESHB 1589 intends that large combination utilities replace natural gas space and water heating equipment with electric nonemitting equipment, as stated in paragraphs 2, 4, and 5 of Sec.1.

> From ESHB 1589, Sec. 1, paragraph (2): "As the State transitions to cleaner sources of energy, large combination utilities are an important partner in helping their customers make smart energy choices, including actively supporting the replacement of fossil fuel-based space and water heating equipment with high-efficiency nonemitting equipment. Programs to accelerate the adoption of efficient, non-emitting appliances have the potential to allow large combination utilities to optimize the use of energy infrastructure, improve the management of energy loads, better manage the integration of variable renewable energy resources, reduce greenhouse gas emissions from the building sector, mitigate the environmental impact of utility operations and power purchases, and improve health outcomes for occupants."
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> From ESHB 1589, Sec. 1, paragraph (4): "The legislature finds that as Washington transitions to 100% clean electricity and as the state implements the Washington climate commitment act, switching from fossil-fuel based heating equipment and other fossil-fuel based appliances to high efficiency non-emitting equipment will reduce climate impacts and fuel price risk for customers in the long term. This requires a thoughtful transition to decarbonize the energy system to ensure that all customers benefit from the transition, that customers are protected, not subject to sudden shocks, and continue to receive needed energy services, with an equitable allocation of benefits and burdens."
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> From ESHB 1589, Sec. 1, paragraph (5): "It is the intent of the legislature to require large combination utilities to decarbonize their systems by (a) Prioritizing efficient and cost-effective measures to transition customers off of the direct use of fossil fuels at the lowest reasonable cost…"

Like the Washington State Department of Commerce Energy Strategy, ESHB 1589 recognizes a limited role for drop-in natural gas replacement fuels as "zero-carbon and carbon-neutral fuels for high heat and industrial loads where electrification may not be technically feasible", as stated in paragraph 5 of Section 1.

My comment: Based on the above quoted intent of ESHB 1589, I recommend the draft of "WAC 480-95-010 Purpose" be revised to clearly state the central intent of ESHB 1589, which is decarbonization of building space and water heating by replacing natural gas space and water heating equipment with high-efficiency electric space and water heating equipment.

WAC 480-95-030:

I am concerned that WAC 480-95-030, especially WAC 480-95-030 (10), is more prescriptive than most WACs, spelling out what specifically to include in a Benefit Cost Analysis. Benefit Cost Analysis can produce wildly different results depending on which alternatives are chosen for analysis, and what assumptions are made. See my previous comments on this topic, which are attached.

My comment: Consider a more performance based and iterative approach in the WAC. UTC must ensure that the Benefit Cost Analysis does not undermine overarching objectives, but instead finds the most cost effective way to achieve them, aligned with the intent of ESHB 1589.

General Comment regarding Overarching Goals of ESHB 1589

NOTE: I will make separate comments on the Cost Test. These comments are not about the Cost Test, but instead are about ensuring the intent of ESHB 1589 is implemented effectively by UTC in the rulemaking, outside the Cost Test. The Cost Test has been identified as an independent topic for workshops and discussion. We must take care to also consider how the Cost Test fits into the wider rulemaking.

RCW 19.405.040 (8):

> **In complying with this section, an electric utility must, consistent with the requirements of RCW 19.280.030 and 19.405.140, ensure that all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency.**

Please be clear in the rulemaking that in the new combined IRP, the combination utility must ensure that <u>all</u> their electricity and gas customers benefit from:

1. The equitable distribution of energy and non-energy benefits and reduction of burdens to vulnerable populations and highly impacted communities,
2. Long-term and short term public health benefits, environmental benefits and reduction of costs and risks; and
3. Energy security and resiliency.

These are overarching goals of ESHB 1589, and the rulemaking by UTC must ensure that these goals are achieved in <u>every</u> scenario and <u>every</u> possible portfolio configuration**.**

I am concerned that these overarching goals will not be tracked and achieved if UTC relies on monetizing them and incorporating them into modeling programs, or a Cost Test. The utility must be held accountable by UTC for achieving these goals in every scenario considered and every possible portfolio configuration.

Incorporate each of these into the rulemaking so they are achieved:

(1) The equitable distribution of energy and non-energy benefits and reduction of burdens to vulnerable populations and highly impacted communities

For a single mother, or someone with a chronic health condition, the actual effect of an incident like an unexpectedly high energy bill, or an illness flare-up aggravated by pollution, can be much greater than the immediate monetary cost. People who have resources only experience the immediate cost of the incident, but someone without resources may fall behind and lose their apartment, car or job. I am concerned that in the process of monetizing impacts on vulnerable people, this multiplying effect will be underestimated. The actual personal impact on individuals may be lost in a model. You will encounter many other magnifying effects when understanding impacts on vulnerable populations and highly impacted communities.

My comment: Please ensure that equity is effectively implemented by UTC in this rulemaking as an overarching goal of ESHB 1589, incorporating equity into every scenario considered and every possible portfolio configuration. Do not rely on incorporating equity into the Cost Test as a means of ensuring equity is achieved.

(2) Long-term and short term public health benefits, environmental benefits and reduction of costs and risks

Analyze and understand and quantify all public health impacts of all fuels and DERs. Do not use the current fossil fuel natural gas system impacts as a baseline (for instance the existing natural gas system causes higher rates of asthma, heart disease, lung disease, and dementia, due to indoor air pollution). The baseline should be zero public health harms.

Analyze and understand and quantify all significant public environmental impacts of all fuels and DERs. Do not use the current fossil fuel natural gas system impacts as a baseline (for instance the existing natural gas system causes significant climate impacts because natural gas is greenhouse gas that is 80 times worse than CO2 when leaked, and a major source of state climate emissions when burned). The baseline should be zero environmental harms.

Please refer to my previous comments regarding “Other Environmental,” which are attached for your convenience. Environmental impacts include but are not limited to climate change, biodiversity, land use, and water impacts. Some fuel alternatives such as agricultural biofuels have massive environmental impacts (most RNG is from agricultural biomass).

Electrification of building space heating, hot water and transportation has great potential to reduce customer costs and risks. Health and environmental benefits alone are huge. Electricity has obvious safety advantages over natural gas.

My comment: In the rulemaking, please provide for identifying and excluding alternatives to natural gas that harm human health or have significant environmental impacts. Do not rely on the Cost Test to eliminate or minimize harms to health or the environment. Public health, environmental benefits, and reduction of costs and risks are overarching goals of ESHB 1589 which must be implemented by UTC through this rulemaking, in every scenario considered and in every possible portfolio configuration.

(3) Energy security, and resiliency

The equitable distribution of energy and non-energy benefits and reduction of burdens to vulnerable populations and highly impacted communities is key to providing energy security and resiliency, since these are the customers most likely to experience energy insecurity or lack resilience.

My comment: Do not rely on the Cost Test to minimize energy insecurity or lack of resilience. Energy security and resiliency are overarching goals of ESHB 1589 which must be implemented by UTC through this rulemaking, in every scenario considered and in every possible portfolio configuration.

Thank you for considering these comments.

Donna Albert, PE (retired)