



STATE OF WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION

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November 28, 2022

**NOTICE OF OPPORTUNITY TO COMMENT**  
(Comments due by 5 p.m. on January 4, 2023)

RE: Developing a Commission jurisdictional specific cost-effectiveness test for distributed energy resources incorporating CETA, Docket UE-210804

TO ALL INTERESTED PERSONS:

On November 8, 2021, the Washington Utilities and Transportation Commission (Commission) issued a Notice of Opportunity to File Written Comments in Docket UE-210804 soliciting feedback from interested persons on Commission staff's (Staff) investigation to determine whether additional guidance related to the cost-effectiveness of distributed energy resources (DERs) is necessary. Staff intends to develop a jurisdiction-specific test for DERs that incorporates the goals of the Clean Energy Transformation Act. Staff's investigation will follow the process and principles described in the [National Standard Practice Manual For Benefit-Cost Analysis of Distributed Energy Resources](#) (NSPM). The Commission has held four virtual workshops, on May 10, August 1, September 20, and November 9, 2022. The fourth workshop presented and discussed [Staff's straw proposal](#) posted in this docket November 7, 2022.

As a follow-up to the November workshop, the Commission requests that interested persons file written comments by January 4, 2023, responding generally to the straw proposal and addressing the following questions:

1. Are changes to the current cost-effectiveness methods used by Washington investor-owned utilities and Commission standard practice necessary to ensure consistent evaluation of DERs? If yes, is a jurisdictional specific test necessary or is there another standard test that could be adopted that would appropriately evaluate DERs applying the Commission's policy goals?

**Utility System Impacts** – Table 3 and 4 in the straw proposal

2. General feedback on electric utility system impacts and gas utility system impacts.

3. The definition of the Environmental Compliance utility system impact used in the straw proposal is “compliance costs associated with environmental regulations; net of those already embedded in Energy Generation.”
  - a. How should the environmental compliance impact be defined for Washington state?
  - b. Are there particular impacts under this category that need to be discussed in more detail?
  - c. For each utility, what Environmental Compliance impacts are embedded within other impact values and where are they accounted for?
  
4. The definition of the Renewable Portfolio or Clean Energy Compliance utility system impact used in the straw proposal is “Compliance costs associated with meeting Washington state’s clean energy standards.”
  - a. How should the environmental compliance impact be defined for Washington state?
  - b. Are there particular impacts under this category that need to be discussed in more detail?
  - c. For each utility, what Renewable Portfolio or Clean Energy Compliance impacts are embedded within other impact values and where are they accounted for?

#### Non-utility System Impacts

##### **Other Fuels** – Table 5 in the straw proposal

5. General feedback on other fuel impacts.
6. What are the implications of including, or not including, other fuel impacts in a primary cost-effectiveness test?

##### **Host Customer Impacts** – Table 6 in the straw proposal

7. General feedback on host customer impacts.
8. Are there particular impacts under this category that need to be discussed in more detail?
9. Low-income host customers experience the same categories of impacts, but often at a higher magnitude, as non-low-income host customers. Low-income customers are included as a separate category to allow non-energy impacts (NEIs) to be evaluated differently for these customers. Highly impacted communities and vulnerable populations (named communities) are likely to experience NEIs differently as well. Should named communities be included in this separate category? Or, should named communities be evaluated as a separate, third category?

##### **Societal Impacts** – Table 7 in the straw proposal

10. General feedback on societal impacts.

11. The definition of the GHG Emissions societal impact used in the straw proposal is “non-embedded GHG emissions. Should be incremental to values included in utility system impacts.”
  - a. How should the GHG Emissions impact be defined for Washington state?
  - b. What impacts does the SCGHG include that should not be double counted elsewhere?
12. The definition of the Other Environmental societal impact used in the straw proposal is “other air emissions, solid waste, land, water, and other environmental impacts.”
  - a. How should the Other Environmental impact be defined for Washington state?
  - b. How should this be defined to ensure there is no overlap with other impacts, especially the Public Health societal impact or the Environmental Compliance utility system impact?
13. The definition of the Public Health societal impact used in the straw proposal is “health impacts, medical costs, and productivity affected by health.”
  - a. How should Public Health impact be defined for Washington state?
  - b. How should this be defined to ensure there is no overlap with other impacts, especially with the any host customer impacts or the Other Environmental societal system impact?
14. The definition of the Energy Security societal impact used in the straw proposal is “Reduction in imports of various forms of energy to help inform the goals of energy independence and security.”
  - a. How should the Energy Security impact be defined for Washington state?
  - b. How should this be defined to ensure there is no overlap with other impacts, especially with Reliability and Risk utility system impacts?

**Risk, Reliability, and Resilience** – pages 15 through 16 of the straw proposal

Three impacts that Staff anticipates will require additional workshops to discuss appropriate definitions and applicability are Risk, Reliability, and Resilience. For each impact, please review the multiple definitions provided and answer the following questions:

15. What definition captures the appropriate utility system impact? If not identified in the straw proposal, please provide any available references to how this definition has been used by a utility.
16. What definition captures the appropriate host customer impact? If not identified in the straw proposal, please provide any available references to how this definition has been used by a utility.
17. What definition captures the appropriate societal impact? If not identified in the straw proposal, please provide any available references to how this definition has been used by a utility.
18. Are there any questions or concerns that should be discussed in a workshop?

### Application and Adoption of the WA test

19. General feedback on the straw proposal Section 3: Application of the WA Test and Appendix 3.
20. After incorporating these comments and discussion from workshops 4 and 5, Staff anticipates being able to recommend utilities keep the status quo concerning cost-effectiveness of DERs, move to another standard test, or move to a WA Test. If Staff recommends utilities change current practice, should the recommendation be formal or informal? Is there a preferred time frame for a formal recommendation?

### **Phase 2**

During the past year, Staff has worked with interested parties, through the NSPM framework, to determine *which* DER costs and benefits to include in a potential WA Test. In 2023, Staff intends to continue a second phase of this process to determine *how* to calculate the values of costs and benefits using the Methods, Tools & Resources Handbook that is a companion document to the NSPM.

21. Please describe the ideal process for Phase 2. What mix of comments and workshops makes the most sense? Would a standing monthly workshop be preferred or does scheduling workshops as needed make more sense? Should the practice of holding workshops to two-hours be preserved or are there topics that should be given additional time?
22. Staff will review previous comments in this docket to identify important topics for workshops. Are there topics that should be addressed that have not been brought up previously? What topics that have been brought up be given the highest priority?
23. On page 21 of the straw proposal, Synapse proposes next steps to begin Phase 2 of this investigation. Please provide feedback on this proposal.

### **WRITTEN COMMENTS**

The Commission provides notice that interested persons may file comments in this Docket by 5 p.m. on Wednesday, January 4, 2023.

Pursuant to WAC 480-07-250(3), written comments must be submitted via the Commission's web portal at [www.utc.wa.gov/e-filing](http://www.utc.wa.gov/e-filing). If you are unable to submit documents via the portal, you may submit your comments by email to the Commission's Records Center at [records@utc.wa.gov](mailto:records@utc.wa.gov) or on a disc or other commonly used electronic storage medium by mail or hand delivery as provided in WAC 480-07-140 (5)(c), without providing a paper copy. Comment submissions should include:

- The Docket number of this proceeding (Docket UE-210804).
- The commenting party's name.
- The title and date of the comment or comments.

The Commission will post on its website all comments that are provided in electronic format. The website is located at <https://www.utc.wa.gov/casedocket/2021/210804>.

If you need translated materials, please contact [records@utc.wa.gov](mailto:records@utc.wa.gov) or call (360) 664-1234.

If you have questions, you may contact Jennifer Snyder at [jennifer.snyder@utc.wa.gov](mailto:jennifer.snyder@utc.wa.gov) or (360) 664-1311.

AMANDA MAXWELL  
Executive Director and Secretary