PUGET SOUND ENERGY

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Filed Via Web Portal

Mark L. Johnson, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: **Docket UE-190698: Comments of Puget Sound Energy on Discussion Draft IRP Rules.**

Dear Mr. Johnson:

Puget Sound Energy ("PSE" or the "Company") appreciates the opportunity to respond to the questions proposed in this docket and submits the following comments in response to the request in the Washington Utilities and Transportation Commission's ("Commission") Notice of Opportunity to File Written Comments issued in Docket UE-190698 ("Notice") on November 7, 2019.

Below PSE has provided responses to the Commission's questions, as well as some suggested redlines to the discussion draft rules. PSE looks forward to continued dialogue around the interplay between the Integrated Resource Plan ("IRP"), Clean Energy Action Plan ("CEAP"), and the Clean Energy Implementation Plan ("CEIP"), as well as how the equitable distribution of benefits provision in the Clean Energy Transformation Act ("CETA") will be implemented.

Procedural Questions

1. RCW 19.280.030(1) requires a utility to develop an IRP at least every four years, and, at a minimum, a progress report reflecting changing conditions every two years. The Commission's rules require that investor-owned utilities file a full plan every two years (WAC 480-100-238(4)). CETA requires a utility to file a CEIP for approval by the Commission, informed by its Clean Energy Action Plan (CEAP) which itself is an output of the IRP, every four years. CETA's additional requirements will necessitate a lengthier and more time consuming administrative process for all parties. In the discussion draft, Staff is proposing to require utilities to file IRPs every four years, with a limited progress report every two years.

a. Should the Commission only require a full IRP every four years, with a limited IRP progress report every two years? Why or why not?

Response: PSE supports Staff's proposal to prepare a full IRP every four years with a limited IRP progress report every two years. This approach builds on the framework established in CETA with 4-year CEIPs, so it aligns well with the cadence outlined in the legislation. Additionally, PSE will need to acquire a significant amount of resources and determine how to accomplish this in a way that complies with all requirements of CETA. Preparing a full IRP on a four-year cycle, with progress reports in between, achieves the proper balance of listening to stakeholders while also being able to make resource decisions and implement programs to comply with CETA's aggressive clean energy goals. A four-year IRP cycle also aligns better with the other various planning and stakeholder processes occurring to meet the CETA goals including CEIPs, resource acquisition, transmission and distribution ("T&D") planning, and others.

b. If the Commission were to require only a progress report every two years, filed two years after the full IRP, which components of an IRP do you think should be updated? Which components do you think only need to be updated every four years?

Response: PSE supports the proposal to have a limited two-year progress report. A limited progress report should focus on how a utility is implementing its 4-year CEIP. PSE does not believe it will be helpful to model a re-optimized portfolio, which raises the question of changing the targets in the 4-year CEIP, every two years. As it builds up to at least 80% renewable resources by 2030, PSE believes maintaining stability in the 4-year CEIP targets will be important for rapid and efficient progress towards the goals of CETA. Therefore, PSE suggests the Commission consider including the following two elements in a progress report:

- Progress In Implementing Plans: The utility should provide an update of how the utility is progressing with implementing its 4-year CEIP and how that ties back to the 10-year CEAP in the last IRP. This should include how the utility is progressing with acquiring resources, as well as whether costs, by category, are in line with the projections from the prior IRP.
- Updated Conservation Potential Assessment (CPA) and Implications: The utility should file an updated CPA in the form of updated conservation supply curves. Additionally, the utility should explain whether the updated CPA will affect its conservation targets, and if so, how.

PSE suggests these two elements are all that should be required in the progress report. The purpose of the resource planning process is to have a fairly stable acquisition plan. Resource portfolios in IRPs may become much more complicated under CETA than in the past. At this time, PSE is not sure what public interest would be served by updating portfolio models as part of a progress report, which would divert resources away from focusing on acquiring significant amounts of renewable energy needed for CETA compliance.

Therefore, PSE recommends that, in draft WAC 480-100-615(3), which addresses the content of the two-year progress report, the last sentence be revised to read as follows:

"In this report, ~~a utility must update its load forecast, demand-side resource assessment including a new conservation potential assessment, and portfolio analysis and preferred portfolio~~ a utility must include an update ~~report~~ on how resource acquisitions are progressing relative to the current clean energy implementation plan and how that relates to the last integrated resource plan's clean energy action plan. Additionally, the utility must file an updated conservation potential assessment, with a summary report of what changed from the prior conservation potential assessment and how it may impact conservation targets in the upcoming biennial conservation plan."

2. The discussion draft proposes that a utility must file a work plan at least fifteen months prior to the due date of its IRP, and a completed draft IRP four months prior to the due date. Does this proposed schedule allow sufficient time for a thorough IRP with robust public engagement? If not, please provide a preferred timeline.

Response: With the exception of the upcoming 2021 IRP, which is operating under the parameters outlined in Commission Order 02 dated November 7, 2019, PSE is comfortable with preparing a work plan every four years that is filed with the Commission fifteen months (or more) prior to the due date of the IRP. PSE may elect to submit its work plan earlier than fifteen months prior to the due date to allow enough time for robust public engagement, and the discussion draft rules allow PSE the flexibility to do so.

With respect to the draft IRP requirement, PSE recommends eliminating the requirement to file a draft IRP. Our rationale is explained in more detail in response to Question 5. PSE is committed to robust public engagement throughout the process to inform the development of its IRP. However, instead of focusing on the draft IRP, PSE recommends informing, consulting and involving stakeholders throughout the development of the IRP – and especially once PSE has a draft resource portfolio to share.

By the time a draft IRP is released, the several hundred page document is nearly complete; a full draft IRP is time-consuming for PSE to prepare and for stakeholders to review. More importantly, there is very little practical opportunity to make significant adjustments to the analysis or conclusions between the full draft IRP and the final IRP.

PSE notes that much, if not all, of the public engagement should occur **prior to** a draft IRP being released, through a series of formal and informal meetings to inform, consult and involve stakeholders. Focusing on stakeholder engagement throughout the IRP plan development and focusing on the *draft resource portfolio* would provide a more meaningful opportunity for robust engagement from the public.

As such, PSE suggests that Proposed WAC 480-100-615(2) be modified to require utilities to share a *draft resource portfolio* with the Commission:

"(2) Draft ~~integrated~~ resource ~~plan~~ portfolio. Not later than four months prior to the due date of the final plan, the utility must file its draft ~~integrated~~ resource ~~plan~~ portfolio with the commission. At a minimum, the draft ~~integrated~~ resource ~~plan~~ portfolio must include the resource additions, including supply side and demand side resources ~~all the elements required under this section and to the extent practicable all appendices and attachments~~."

Additionally, as further elaborated on below in response to question 4, PSE does not recommend the Commission hold a public hearing on a draft IRP, but rather hold a public hearing on the final IRP, as it does today.

3. Please describe:

a. An ideal timeline on when a utility files an IRP and a CEIP;

Response: PSE believes this question should be expanded to include consideration of subsequent resource acquisition processes/filings—both demand-side and supply-side. The timeline, which is included as Attachment A to this comment letter, illustrates PSE's thoughts for the relevant processes at this time.

b. The relationship between an IRP and a CEIP; and

Response: The IRP process will inform the CEIP, but maintain a broader picture of the utility resource need and potential portfolios than just what is specified in CETA. The IRP will maintain its core purposes of generically allocating supply and demand side resources to optimize PSE's portfolio to meet needs that are broader than CETA, such as capacity, energy, renewable energy and potentially new categories such as demand response, distributed energy resources (DERs), transmission or storage. The CEIP should be a more detailed roadmap to complying with CETA, including outlining categories of programs, resources, supporting infrastructure, and levels of capital spending planned to comply with the law, including specific targets for energy efficiency, demand response, and renewable energy. The CEIP guidance may include both specific volumetric metrics, such as targets of acquiring X aMW of distributed renewables and Y aMW of conservation, as well as cost forecasts and spending targets. We look forward to further discussions on what the CEIP should contain as part of the upcoming CEIP rulemaking.

c. How the CEAP in the IRP will inform the CEIP.

Response: The 10-Year CEAP will inform the CEIP by providing high-level guidance on the utility's baseline, progress, and potential costs, actions, and risks to meeting the goals of CETA. The CEAP would include both acquisition of clean energy resources and potential use of alternative compliance mechanisms allowed by CETA, such as energy transformation projects and unbundled renewable energy credits (RECs). The CEAP also includes consideration of the equitable distribution of benefits requirement outlined in RCW 19.405.040(8).The CEAP can be used as guidance in putting together the CEIP, which is a more granular roadmap with interim targets to achieve CETA compliance.

4. The discussion draft proposes holding a public hearing on the draft IRP rather than the final IRP, as has been the Commission's historic practice. One benefit of this proposal is that the utility could make changes to its final IRP based on the feedback it receives from its stakeholders and the public.

a. Should the Commission move the public hearing to a date between the utility's submission of its draft IRP and the final IRP? Is there any other point in time that public comment hearings are most beneficial to public engagement?

Response: PSE is committed to informing, consulting and involving stakeholders throughout its IRP process and will continue to hold public stakeholder meetings throughout the IRP process with participation from Commission staff. However, PSE is concerned that the Commission holding a "public hearing" on a utility's draft IRP before it is finalized will signal a different expectation or role for the Commission than what is outlined in the IRP statute. Under statute and the current IRP rules, the Commission does not direct the utility to modify a draft resource portfolio, nor does it approve the utility's IRP; the Commission reviews and acknowledges the IRP. This limited role did not change with the passage of CETA. As such, the public hearing should still occur as part of the Commission's review of a utility's final IRP. Holding a public hearing at that time will provide an opportunity for the Commission to accept public comment on the final IRP filing. While some public comment may be on the substance of the plan itself, as opposed to whether the IRP complies with the rules, it seems appropriate for the Commission to consider comments in a public meeting. It will also allow parties an opportunity to present a case to the Commission, if the parties believe the utility has failed to meet the legal requirements for the IRP.

b. Given the integration of the IRP, the CEAP, and the CEIP, is there any other point in time that public comment hearings are most beneficial to public engagement?

Response: Yes. In addition to the public comment hearing for the final IRP, the Commission should provide an opportunity for public comment on the CEIP. This could be accomplished through an open meeting agenda item, for example. Any public comment processes should remain separate and be staggered as suggested in the timeline graphic provided in response to Question 3(a) above and included as Attachment A. This is important for two reasons. First, the IRP and CEIP serve different purposes. Second, the CEIP is approved by the Commission, which seems to indicate a different level of review and consideration by the Commission than "review." As such, the Commission may prefer to hold more than one public comment hearing on the CEIP prior to taking action on it. PSE looks forward to more discussion around public engagement as part of the CEIP rulemaking.

As stated previously, PSE is committed to robust stakeholder engagement and receives ongoing customer and stakeholder feedback, both through the various stakeholder advisory groups it has implemented over the past decade and other customer communications. PSE currently has stakeholder advisory groups for resource planning, conservation, electric vehicles, and low-income, and proposed rules also have suggested advisory groups for T&D planning and resource acquisition. In addition, PSE manages various communication channels for customers to communicate with the company, including meetings, comment processes, and social media.

5. Draft WAC 480-100-615(2) states that a utility must file a draft of its integrated resource plan four months prior to the due date of the final plan. Are there requirements in WAC 480-100-610 that are not necessary or which reduce a utility's flexibility in their preparation of a draft IRP?

Response: As stated previously, PSE recommends eliminating the requirement to file a draft IRP. Instead, PSE recommends informing, consulting and involving stakeholders *throughout the development* of the IRP – and especially once PSE has a draft resource portfolio to share. A

series of meetings to solicit input on the *draft resource portfolio*, as opposed to holding meetings on a several hundred page, nearly complete *draft IRP*, would provide a more meaningful opportunity for robust engagement from the public.

Because PSE is recommending elimination of the draft IRP requirement, PSE does not think any of the requirements in WAC 480-100-610 are necessary for preparing a draft resource portfolio, and instead should serve as required elements for the final IRP.

6. Historically, the Commission has used an acknowledgment letter with comment to affirm that the utility has met the legal and regulatory requirements for filing an IRP. Given the advent of the CEIP, which is informed by the IRP and approved by the Commission, should the Commission consider a different type of response to an IRP, including but not necessarily limited to a compliance letter, an acknowledgment letter with comments, or Commission approval? Please explain your reasoning.

Response: PSE recommends a compliance letter from the Commission as the appropriate form of response to review and acknowledge an IRP. This is because (1) the role of the IRP as a planning document has not changed substantially under CETA; and (2) the Commission will have an opportunity to engage more directly in its review and approval of the CEIP.

If the Commission views the 10-year CEAP as the foundation of the 4-year CEIP, the Commission could use an acknowledgement letter to provide policy direction to utilities on the CEAP. These comments on the CEAP would be informative to subsequent development of the CEIP.

Introductory Comments to Questions 7-10

Equitable Distribution of Benefits

PSE would like to offer some general comments with respect to the importance of the "equitable distribution of benefits" standard under CETA. This new standard, which is specifically "ensuring that all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and non-energy benefits and the 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" is a significant change in the regulatory, planning, and operational standards and practices that have traditionally governed Washington's utilities. As an investor-owned utility subject to regulatory oversight by the Commission, PSE has always been committed to meeting its statutory responsibility to provide safe, reliable, and affordable power to its customers. The Commission, in turn, has been focused on ensuring that PSE's rates for power are "fair, just, reasonable, and sufficient." In the advent of CETA, the landscape in which PSE operates (and is regulated) has significantly changed – PSE now must ensure that the services it provides are safe, reliable, affordable, as well as clean, and e*quitable.*

PSE supports this change. Our commitment to the communities that we serve, and to providing equitable access, make us uniquely poised to lead this exciting transition towards a clean energy future while also maintaining reliability and affordability for our customers. Today, more than ever, PSE's customers are demanding more energy technology choices – and they want to be a part of the clean energy transformation. PSE wants to ensure that no customers are left behind as

we make this transition, and PSE looks forward to partnering with regulators, stakeholders, and customers on this journey as it determines how to accomplish these objectives.

7. Should the requirements for assessments in RCW 19.280.030(1)(k) and the requirements to ensure all customers benefit in RCW 19.405.040(8) be connected in Commission rules? If so, how might this integration work?

Response: No, these two requirements should not be connected. While these provisions are similar, there are some important differences. One requires an assessment be performed, and the other requires utilities to ensure that all customers benefit from the transition to clean energy.

The requirement for assessments in RCW 19.280.030(1)(k) is (1) specific to the IRP process and (2) narrower than the language in RCW 19.405.040(8). The assessment, informed by the cumulative impact analysis, must look at certain specified elements: "…Energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits, costs, and risks; and energy security and risk..." These elements are similarly specified in the equitable distribution of benefits requirement in RCW 19.405.040(8). However, the equitable distribution of benefits requirement in RCW 19.405.040(8) has a key introductory phrase that modifies all of the specified elements – electric utilities "*must ensure that all customers benefit 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."

The introductory phrase stating utilities "*must ensure that all customers benefit from the transition to clean energy*" modifies how the specified elements should be interpreted and applied. As such, this standard is different from the standard outlined in RCW 19.280.030(1)(k). Therefore, these two standards should not be linked in Commission rules and instead should be treated as separate requirements.

8. What types of information should a utility provide in its IRP to document that the utility is ensuring all customers are benefitting from the transition to clean energy?

Response: PSE views the CEIP, rather than the IRP, as the appropriate vehicle for documenting that the utility is ensuring all customers benefit from the transition to clean energy. That said, these considerations of benefits to all customers are important and will be considered in the IRP process, as well as influence the development of the CEAP.

The IRP must contain an *assessment*, informed by the Department of Health's cumulative impact analysis, of certain elements: energy and non-energy benefits and reductions of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environment benefits, costs, and risk; and energy security and risk.

At this early stage in both the Department of Health's cumulative impact analysis work, and the stakeholder conversations around how to interpret this language, it is difficult for PSE to outline exactly what information should be documented in the IRP assessment – and how. PSE is seeking broad and flexible guidance from the Commission in this area as opposed to detailed, prescriptive requirements. For example, the IRP assessment could include an assessment of the

environmental, public health, and other benefits or costs of the utility's plan on its vulnerable populations and/or highly impacted communities identified. Additionally, to the extent that any IRP modeling results are being adjusted to better address the analysis contained in this assessment, the rationale for those adjustments should be explained.

PSE looks forward to learning more at the February 5th joint workshop as to what type of information the Commission and other stakeholders are interested in seeing in the IRP on this topic.

9. What level of guidance do utilities need from the Commission to implement the equitable distribution of benefits in the IRPs?

Response: PSE does not read the "equitable distribution of benefits" language in RCW 19.405.040(8) as a requirement that should be implemented through the IRP. Rather, as discussed in our response to Question 8, the IRP statute as amended by CETA requires an IRP to contain an assessment, informed by the cumulative impacts analysis, of certain elements: energy and non-energy benefits and reductions of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environment benefits, costs, and risk; and energy security and risk.

As stated previously, PSE is seeking broad and flexible guidance from the Commission on how to perform this assessment and reflect the analysis in the IRP. The means of incorporating the assessment into the IRP could be left to the discretion of each utility, at least for this first IRP cycle. If some uniformity is desired by the Commission after utilities submit their first full IRP under CETA (i.e. 2021 for PSE), the Commission could initiate a rulemaking in its second phase of CETA-related work. At that point, utilities, stakeholders and the Commission would have a better sense of what common elements should be included in an IRP for this assessment. The cumulative impact analysis would also be available to inform the discussion.

10. RCW 19.280.030(9) prohibits using IRPs as a basis to bring legal action against electric utilities. That is, an IRP cannot be adjudicated before the Commission. Considering this statutory prohibition, where and when should a utility report compliance ensuring all customers are benefitting from the transitions to clean energy?

Response: The CEIP and any reporting on CEIP progress could serve as the primary vehicles for reporting on the equitable distribution of benefits requirement in CETA. PSE looks forward to a more detailed discussion on this topic in the CEIP rulemaking, as well as the February 5th joint workshop.

Content of the IRP

11. In the portfolio analysis and preferred portfolio section of draft WAC 480-100-610(11), should the Commission include criteria in the narrative explanation in addition to those listed in subsections (a) through (f)?

Response: Subsections (a) through (d) of the discussion draft provided are clear as written. PSE suggests some revisions to subsections (e) and (f), as further explained below. Additionally, PSE recommends that the phrase "preferred portfolio" be replaced with the phrase "resource

portfolio" in the header for WAC 480-100-610(11), as well as the reference contained in WAC 480-100-615(3).

"Preferred Portfolio"
PSE recommends the Commission replace the phrase "preferred portfolio" with the phrase "resource portfolio." The word "preferred" is a value statement, and PSE suggests that a more neutral term, like "resource portfolio," would be better. Furthermore, PSE fully supports conceptually separating the idea of the resource portfolio from the actual plan. The resource portfolio is one of a number of forecasts of portfolio mixes and costs in the future that best balances cost and risk in providing reliable, affordable, clean and equitable electricity supply. The analysis of these scenarios is the goal of the IRP. The resource plan in the IRP is not the actual plan; it is a forecasting and analysis exercise that helps inform a plan. The actual plan will be described in a separate part of the IRP: the 10-year CEAP. The CEAP will specify a plan, but will not determine the specific actual resource mix. The actual resource mix will be achieved through the work that follows the CEAP and the CEIP, which will include a resource acquisition process. The resource acquisition process is where PSE will make final determinations as to whether renewable resources will be existing hydro, biomass, wind, solar, or any intermittent renewable resource paired with energy storage, based on what is actually available. The difference between a resource portfolio and a plan has caused confusion in the past for PSE and stakeholders.

Criteria or Clarification Needed
Subsections (a) through (d) do not need further explanation or clarification in the rules.

Subsection (e): This is very important language in CETA. This section fundamentally changes how utilities plan. PSE is committed to providing equitable access to the communities that it serves and embraces this change. However, as noted in response to Question 8, PSE views the CEIP, rather than the IRP, as the appropriate vehicle for documenting that the utility is *ensuring* all customers benefit from the transition to clean energy. To minimize confusion between the assessment required under RCW 19.280.030(1)(k) and the equitable distribution of benefits standard in RCW 19.405.040(8), PSE suggests the rule language in subsection (e) should be revised to mirror the statute as closely as possible, as suggested below:
"(e) ~~Ensures all customers are benefitting from the transition to clean energy through (i) the equitable distribution of~~ Assesses, informed by the cumulative impact analysis conducted under RCW 19.405.140, (i) the energy and non-energy benefits and reduction of burdens to vulnerable populations and highly impacted communities; (ii) the long-term and short-term public health and environmental benefits, ~~and reduction of~~ costs, and risks; and (iii) energy security and ~~resiliency~~ risk.

With these revisions, subsection (f) appears redundant and could be deleted from the rule.

12. Should the Commission provide more specific guidance in these rules on how and where a utility incorporates the social cost of greenhouse gases? *See* draft WAC 480-100-610(6) and WAC 480-100-610(12)(j). Why or why not?

Response: PSE believes the law is clear that the social cost of greenhouse gases is a planning adder, not something that affects the economic dispatch of plants. As such, the discussion draft rules also should make this distinction clear.

To accomplish this, PSE recommends the following language be added to subsection (j):

"(j) Incorporate the social cost of greenhouse gas emissions as a cost adder as specified in RCW 19.280.030."

Additionally, PSE looks forward to further discussion of this topic, and its application in the resource planning process, at the upcoming workshop on January 16th.

13. The draft rules mirror statutory language requiring utilities to assess resource adequacy metrics and identify a specific metric to be used in the IRP, but the draft does not provide any specific guidance to utilities. *See* draft WAC 480-100-610(7), (8), and (12)(d).

a. Should the Commission address resource adequacy metrics in rule by identifying the scope of allowed metrics or identifying the specific metric utilities should use? Alternatively, should the Commission allow utilities the flexibility to change their resource adequacy requirement to meet current best practices without going through a rulemaking? Please explain why one method is preferred over the other.

Response: Resource adequacy is an extremely important issue for the electric industry. Having an adequate system is also critical for us, as a society, to achieve our environmental goals to significantly cut greenhouse gas emissions.

PSE does not believe the Commission should define specific metrics at this time. As our energy system undergoes significant transformation, PSE is concerned that the Commission adopting metrics now in rule would impair our ability to evolve as the energy supply portfolio changes.

Rather than focusing on the specific metrics, the Commission should hold utilities accountable for achieving the reliability metrics they adopt. CETA does clearly provide the Commission with more direct influence on resource adequacy. The Commission can intervene in a utility's CEIP process, if the Commission is concerned the proposed CEIP does not properly incorporate resource adequacy.

b. If the Commission does not establish specific guidelines in rule, it is possible different utilities will use different resource adequacy metrics, which may make effective comparisons among utilities more difficult. If not by rule, should the Commission provide more specific guidelines through another process, such as a policy statement?

Response: To ensure that sufficient generation is available to reliably serve demand during periods of grid stress, the Northwest Power Pool members, including PSE, are establishing transparent processes to assess, allocate and procure the region's capacity needs through a resource adequacy program. The program would provide a consistent set of resource adequacy metrics, assumptions and calculations for participating entities and offer mechanisms to share resources. The initial design phase of the resource adequacy program is underway, and the stakeholder process will commence early next year. Once the resource adequacy program design and implementation are further along, the Commission could revisit whether a policy statement or additional rules are necessary.

14. Should the Commission provide additional guidance regarding cost-effective demand response and load management? *See* WAC 480-100-610(2)(b) and (12)(e).

Response: No further guidance is necessary at this time. Demand response will be an important resource in meeting CETA goals and solving local grid needs in the future. As such, it should be included in the various planning and implementation exercises required by CETA. The IRP will continue to evaluate demand response and subsequently provide guidance on its inclusion in a CEAP and CEIP. Additionally, evaluation and consideration of the traditional and non-traditional benefits that a demand response program can provide will be important to implementing these programs in the future to meet CETA goals.

15. Draft WAC 480-100-610(12) includes a requirement for utilities to identify in the IRP the CEIP's four-year energy efficiency, demand response, and renewable energy goals in the CEAP. This is the only listed requirement of a CEAP that is not in statute. Is it necessary and appropriate for the utility to identify proposed four-year CEIP targets in the CEAP?

No, PSE does not believe it is necessary to identify proposed 4-year CEIP targets or goals in the CEAP. PSE supports allocating resource needs to subcategories as included in the proposed rule. However, PSE believes this should serve as a starting point for the specific targets, and not be binding targets themselves. A utility would use the CEAP as a starting point to build specific targets, budgets, and begin developing commercial programs within each resource category. Throughout this iterative process, a utility will identify and refine specific targets to include in the CEIP. At the end of this process, it may be necessary to make adjustments in the final CEIP across demand-side and supply-side resources to ensure resource adequacy and renewable resource targets are met.

PSE appreciates the opportunity to provide responses to the questions identified in the Commission's Notice of Opportunity to File Written Comments. Please contact Kara Durbin (425) 456-2377 for additional information about these comments. If you have any other questions please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

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