

December 20, 2019

SENT VIA WEB PORTAL

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***RE: Initial discussion draft relating to Integrated Resource Planning, Docket UE-190698
Comments by Washington Environmental Council***

Dear Mr. Johnson:

Thank you for the opportunity to comment on an initial discussion draft relating to new rules for investor-owned electric utility (IOU) integrated resource planning (IRP). This letter constitutes our response to the notice of opportunity to file written comments on the draft rules, Docket U-190698.

Washington Environmental Council is a statewide not-for-profit environmental advocacy organization that works to protect and restore the environment for all Washingtonians. We work in collaboration and coordination with other environmental organizations, environmental justice organizations, tribal nations, labor unions, businesses and more, to effect change.

We appreciate the effort by the UTC to carefully approach designing new rules for IOU planning. We understand that this initial discussion draft is focused on developing the process or procedure for planning requirements, now that the Clean Energy Transformation Act (CETA) is the law of the land.

The intent of CETA is for all utilities in Washington to undertake the once-in-a-century effort of redefining the energy system and transitioning off fossil fuels. Doing this work, investor-owned utilities can be most effectively held accountable under a regulatory regime that requires regular reporting and public involvement so that there is full transparency about plans to and actions achieving short-term and long-term utility goals.

Therefore, utility compliance with their statutory and regulatory obligations should not be conceived of as *granted* at a certain point in time for actions deemed satisfactory and lasting a certain period. Rather, compliance is met by *maintaining the cycle* of planning, incorporating public input, making decisions in a transparent way to meet the goals of CETA, and reporting on actions as planning begins anew.

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?

No. Requiring a full IRP every four years is not consistent with our recommendation for the Commission to establish a process that involves the public continuously, so that there is full transparency about plans to and actions achieving short-term and long-term utility goals.

Here is an initial recommendation for an integrated IRP, CEAP and CEIP integrated timeline, measured in months, with two IRP cycles for clarity.

0: IOUs solicit public input on topics for IRP work plan

2: IOUs issue IRP work plan

—IOU public involvement meetings—

13: IOUs submit draft IRP to UTC, including draft CEAP
IOUs submit CEIP work plan to UTC

—UTC public hearing on draft IRP—

—IOUs accept and respond to public comments on CEIP work plan—

17: IOUs submit final IRP to UTC

—UTC issues acknowledgement document and comments on IRP—

20: IOUs submit draft CEIP to UTC

—UTC hearing on draft CEIP—

23: IOUs submit final CEIP to UTC

—UTC decision on CEIP—

30: IOUs solicit public input on topics for IRP progress report

32: IOUs submit IRP progress report to UTC

40: IOUs solicit public input on topics for IRP work plan

42: IOUs issue IRP work plan

—IOU public involvement meetings—

53: IOUs submit draft IRP to UTC, including draft CEAP
IOUs submit report on progress toward interim targets toward meeting CETA standard
and targets for energy efficiency, demand response, and renewable energy

—UTC public hearing on draft IRP—

57: IOUs submit final IRP to UTC

—UTC issues acknowledgement document and comments on IRP—

64: IOUs solicit public input on topics for IRP work plan

66: IOUs issue IRP work plan

—IOU public involvement meetings—

77: IOUs submit draft IRP to UTC, including draft CEAP
IOUs submit CEIP work plan to UTC

—UTC public hearing on draft IRP—

—IOUs accept and respond to public comments on CEIP work plan—

81: IOUs submit final IRP to UTC

—UTC issues acknowledgement document and comments on IRP—

84: IOUs submit draft CEIP to UTC

—UTC hearing on draft CEIP—

87: IOUs submit final CEIP to UTC

—UTC decision on CEIP—

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?

We do not believe an IRP should be required every four years. As recommended in our introductory comments, CETA requires continuous oversight and engagement. However, the IRP progress report should include information about changes in the costs and benefits of resources uncovered in intervening utility action, including the distribution of costs and benefits, demand-side resource assessments, actual load comparisons to forecasts, and overall progress toward interim targets and goals in the IRP.

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.

See answer to Question 1.

3. Please describe:

- a. An ideal timeline on when a utility files an IRP and a CEIP;*
- b. The relationship between an IRP and a CEIP;*
- c. How the CEAP in the IRP will inform the CEIP.*

See answer to Question 1.

- 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?*

There should be a public hearing on the draft IRP. There should also be a hearing on the draft CEIP. Following public hearings, the Utilities should document and respond to the public comments. Engagement should be continuous; IOUs should "involve" rather than "consult" the public.

- 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?*

See answer above.

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?*

The requirements in WAC 480-100-610 largely mirror statutory requirements. Establishing the cycle for IOU planning, incorporating public input, making decisions in a transparent way, and reporting on actions will help determine how to refine these requirements.

6. *Historically, the Commission has used an acknowledgment letter with comments 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.*

An acknowledgement letter with comments would allow IOUs to improve and refine plans to, and actions achieving, short-term and long-term utility goals in the CEIP.

Equitable Distribution of Benefits

Engrossed Second Substitute Senate Bill 5116 directly and indirectly modifies the IRP in two primary ways, as described below:

Section 14(1)(k), now codified as RCW 19.280.030(1)(k), directly amends the IRP statute to add an assessment of "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 resiliency."

Section 4(8), now codified as RCW 19.405.040(8), requires utilities to "ensure all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities..."³ Section 14(1)(l) amends the IRP statute by requiring a CEAP, which is a part of the IRP, to "implement sections 3 through 5 of this act..." Sections 3 through 5 include Section 4(8).

7. *Should the requirements for assessments in RCW 19.280.030(1)(k) and the requirements to ensure all customers benefit in RCW 19.405.030(1)(k) be connected in Commission rules? If so, how might this integration work?*

RCW 19.405.040(8) applies to all actions to meet the standard, including IRP planning. It should inform all IRP content requirements. RCW 19.280.030(1)(k) is one requirement designed to help ensure IOUs meet the requirement of RCW 19.405.040(8).

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?*

WEC looks forward to discussing how an IOU should ensure all customers are benefitting from the transition to clean energy at the workshop on February 5, 2020. We are working in coalition to develop a set of recommendations to share in the near future. One important general principle is that data should capture the distribution of impacts, costs, and benefits across populations and geographies.

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

a. *How should the Commission guide the type of information included in the utility's assessment (e.g. rule, policy statement, or some other method)?*

b. *How should the Commission guide how utilities incorporate the assessment into the IRP (e.g., rule, policy statement, or some other method)?*

The Commission should establish by rule the requirements for assessments and the IRP to achieve the equitable distribution of benefits. WEC also recommends that the definition of "lowest reasonable cost" be amended to capture the distribution of costs, risks and benefits over geographies and populations.

Additionally, in WAC 480-100-610(6), the comparative resource evaluation should assess the distribution of 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 and reduction of costs and risks, and energy security and resiliency. Moving these criteria of the assessment from WAC 480-100-610 (9) will make the requirements of the assessment clearer.

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*

IOUs cannot report compliance. Compliance is determined by the UTC. As stated in our introductory comments, utility compliance with their statutory and regulatory obligations should not be conceived of as *granted* at a certain point in time for actions deemed satisfactory and lasting a certain period. Rather, compliance is met by *maintaining the cycle* of planning,

incorporating public input, making decisions in a transparent way to meet the goals of CETA, and reporting on actions as planning begins anew.

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)?

Yes, we look forward to developing criteria for the portfolio analysis and the preferred portfolio as the rulemaking process continues.

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?

Yes, the Commission should provide more specific guidance to ensure that the social cost of greenhouse gas emissions is applied to resource evaluation, planning and acquisition in a way that promotes the timely transition off of fossil fuels.

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.

In order to establish a shared understanding of resource adequacy across the state, the Commission should identify metrics in the rule.

Thank you for the opportunity to comment on this important rulemaking.

Sincerely,

Eleanor Bastian
Climate and Clean Energy Policy Manager