



NW Energy Coalition
for a clean and affordable energy future

U-240281

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Attn: Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
P.O. Box 47250
Lacey, WA 98503

RE: NW Energy Coalition's Comments on Cost Test (Docket U-240281)

The NW Energy Coalition ("NWE" or "Coalition") appreciates the opportunity to comment on the Washington Utilities and Transportation Commission ("Commission" or "UTC") rulemaking to implement HB 1589 pertaining to the consolidation of a large combination utility's gas and electric operations planning requirements into an integrated system plan ("ISP").

The Coalition is an alliance of over 100 environmental, civic and human service organizations, progressive utilities, and businesses. Our mission is to advance clean, equitable, and affordable energy policies in Washington, Oregon, Idaho, and Montana. We envision the Northwest comprised of communities that benefit from a carbon-free energy system that equitably meets the needs of people and preserves the region's natural resources.

Our comments below address the questions 1 and 3 detailed by the Commission in its amended notice of opportunity to file comments.

NWEC appreciates the work done by Staff and Synapse Economics on the cost test. NWEC participated in the first technical workshop on October 11th, 2024. At the first workshop, Staff and Synapse Economics an overview of the National Standard Practice Manual for Benefit Cost Analysis of Distributed Energy Resources, an overview of the Straw Proposal for Washington's BCA test, and provided an overview the Decarbonization Act.

NWEC looks forward to participating in the second technical workshop. From the first technical workshop, Synapse indicated that the second technical workshop will be focused on potential framework for identify the lowest reasonable cost portfolio, how the cost test will be used to determine the lowest reasonable cost of decarbonization measures, use of the of the cost test in the context of the ISP and optimization of electric and gas resources. However, it would be beneficial to gain a clearer understanding of how the Staff and consultants intend to identify the lowest reasonable cost portfolio and how the cost test is applied to the Integrated System

Plan (ISP) in the context of both electric and gas resources before addressing many of the inquiries presented ahead of the initial work session.

1. Please refer to Staff’s straw proposal posted in in Docket UE-210804 on November 7th, 2022.
 - a. What elements of the straw proposal are appropriate for use in the cost test as required in RCW 80.86?
 - i. The straw proposal presented a framework for creating a societal cost test for DER. In the first workshop, Synapse Economics introduced a concept for assessing various DER against a dynamic array of alternative resources to optimize DER and utility-scale resources. NWEC requests additional information regarding this concept at the upcoming technical workgroup. NWEC acknowledges that the proposed cost test seems to utilizes a Washington-specific societal cost test evaluation for assessing resource options. Furthermore, NWEC has reviewed the straw proposal issued in November 2022. This document pertains to a cost-effectiveness test for distributed energy resources. The proposal applied its findings for a cost test that applies to energy efficiency, demand response, distributed generation, storage, and electric vehicle measures. While the straw proposal broadly assesses demand-side resources, NWEC seeks further elaboration on how these evaluations would extend to supply-side resources that constitute decarbonization measures within the ISP.
3. RCW 80.86.020(10) states that the “cost test must be used by large combination utilities under this chapter for the purpose of determining the lowest reasonable cost of decarbonization and electrification measures in integrated system plans.”
 - a. Given the breadth of the ISP planning requirements in RCW 80.86, should the cost test apply to measures and resources that are not decarbonization or electrification measures?
 - i. NWEC requests further clarification on how Staff intends to apply the cost test to electric and gas resources in the ISP. Specifically, NWEC seeks additional information about using this cost test for natural gas resources. With that caveat, NWEC interprets this language as indicating that the cost test does not apply to measures and resources unrelated to decarbonization or electrification.

NWEC would also like to highlight that cost tests apply to existing resource types. According to RCW 80.28.385, PSE’s customers cannot be charged more than five percent above the rates applied to retail customers for natural gas. This aspect must be factored into the cost test used to assess measures.