



November 5, 2024

Received
Records Management
Nov 5, 2024

Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

RE: Comments on Behalf of the NW Energy Coalition on Puget Sound Energy's Petition to Amend Orders 08 and 12 and Adjust PSE's Clean Energy Implementation Plan Annual Interim Targets for 2024 and 2025 (Docket UE-210795)

Dear Mr. Killip,

We appreciate the opportunity to comment on Puget Sound Energy's Petition to Amend Orders 08 and 12 and Adjust PSE's Clean Energy Implementation Plan Annual Interim Targets for 2024 and 2025. The NW Energy Coalition ("NWECC") is an alliance of over 100 environmental, civic, and human service organizations, progressive utilities, and clean energy 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.

Background

NWEC staff has been heavily involved in PSE's planning processes for many years. More recently, we intervened in PSE's 2021 CEIP docket (UE-210795), resulting in Order 08 approving PSE's CEIP subject to conditions. We also participated in the 2023 Biennial Update to the CEIP, and filed comments focused on two primary issues: PSE's changes to its interim and specific targets, and PSE's implementation of Conditions 9, 10, and 20.

In its Petition, PSE argues that the pathway for meeting its annual interim targets for 2024 and 2025 has become much more challenging since PSE filed its Biennial Update and that attempting to achieve the existing CEIP annual targets for 2024 and 2025 is not feasible without making short-term clean energy market purchases at an estimated additional cost of over \$200 million to PSE's customers. While we take no position on the feasibility of the 2024 and 2025

targets at this time; we agree, in part, with some of the arguments made by PSE witness Josh Jacobs. We will address these points in our comments. We also do not support the Company's alternative to purchase \$200 million in short-term market purchases to meet the targets. However, we are skeptical of the Company's choice to file this Petition at this time, and we look forward to engaging in further discussion about the procedural options available to the Commission to review the reasonableness of both the targets and the costs to achieve them.

1. NWEC believes PSE has made reasonable progress toward meeting the 2024 and 2025 clean energy targets in its approved CEIP.

As described in the Declaration of Joshua J. Jacobs, PSE has signed 30 contracts for 3,810 MW of CETA-compliant nameplate capacity since 2019. Of the resources in Exhibit 1 which are deemed "new to the region", we estimate that 1,746 MW are new resources procured for CETA compliance.¹ The amount of capacity represented by these new resources is more than 26 percent of the total nameplate capacity that PSE owned or had under long-term contract at the end of 2022 (6,566 MW). This tranche of resources weighs heavily toward wind power generated in Montana, which NWEC and our partners have long supported as a replacement for the coal power that PSE has imported from Montana for decades. It also includes the Company's first Demand Response and Battery Storage contracts. One would be hard-pressed to argue that this unprecedented volume of new resource additions doesn't represent significant and reasonable progress toward meeting CETA's 2030 target. In fact, PSE stands out among Washington utilities in making this level of investment in new clean energy resources to meet CETA's requirements.

2. Resource acquisition is non-linear or somewhat lumpy, and more effort will be needed in order to meet the 2030 statutory target. The Commission should use its discretion when determining whether to assess penalties for non-compliance.

We agree with Mr. Jacob's statement that the resource acquisition process does not necessarily lend itself to a perfect linear trajectory for annual clean energy targets. While we strongly support the need for meaningful and enforceable targets, we believe that the Commission should use its discretion when determining whether to assess penalties for non-compliance, including consideration of the factors that affect acquisition timelines. PSE's recent 2024 Voluntary RFP has identified nearly 100 additional projects (including solar, solar + storage, batteries, pumped hydro, and wind) that can be available in the 2027-2029 timeframe in order to contribute toward meeting the 2030 standard. While the majority of this project list is unlikely to make the final cut, it is illustrative of the scope of the resources that may be available and the scale of the effort necessary to bring them online. While the 2024-2025 CEIP targets may not be reached, we urge the Commission and stakeholders to keep this longer-term goal in mind.

¹ We remove both legacy resources and resources that are allocated to GreenDirect customers from this total.

- 3. Hydropower conditions will continue to be uncertain. Planning and targets should continue reflect this uncertainty and attempt to strike a balance between predicting the future and setting direction and goals.**

Mr. Jacobs points to low hydro conditions in 2022-2023 as a reason for adjusting the 2024 and 2025 CEIP targets. While NWECC is open to a conversation about the appropriate assumptions to use in planning, we do not think it's appropriate to preemptively modify targets to address hydro conditions, which are inherently uncertain and have been for many years.

- 4. NWECC takes no position on the feasibility of the 2024 and 2025 targets at this time. However, we do not support the Company proposed alternative of purchasing \$200 million in short-term market purchases to meet the targets.**

The long-term value of having a more liquid and larger market that can support more efficient integration of clean energy resources is a priority for NWECC, as well as our partners and many utilities around the region. While we see a critical role for markets in meeting state clean energy goals, short-term market purchases should not be a primary compliance strategy for CETA right now. We agree with PSE that short-term purchases do not add new long-term clean energy resources to the grid at a time when we need more long-term resources, or necessarily provide a good value for PSE customers at this stage of CETA implementation. We appreciate that this proposition gives the Company pause.

Conclusion

Ultimately, while we agree with many of PSE's points, we question whether filing a request to adjust its CEIP annual interim targets for 2024 and 2025 is necessary to avoid making short-term clean energy purchases and whether doing so is the appropriate step to take at this time. While we understand the Company's desire for more guidance from the Commission; ultimately, the Company bears the responsibility to make reasonable and prudent decisions about how to implement CETA in a cost-effective way for customers and does not expose them to unreasonable costs. The targets themselves were adopted through a long and deliberative planning process that involved the participation of many stakeholders. Any proposal to roll back the targets should follow a similarly robust public process.

Thank you for the opportunity to comment.

Sincerely,

/s/ Lauren McCloy
Policy Director
NW Energy Coalition
lauren@nwenergy.org