

February 22, 2021

Honorable Commissioners,

My name is Don Marsh, representing over a thousand Eastside residents who support CENSE, the Coalition of Eastside Neighborhoods for Sensible Energy. Along with two board members of CENSE, I have served as a member of PSE's IRP Advisory Group and Technical Advisory Group since 2015. Former UTC Chair Phil Jones encouraged us to participate in IRP forums to provide direct input regarding PSE's long-range energy plans.

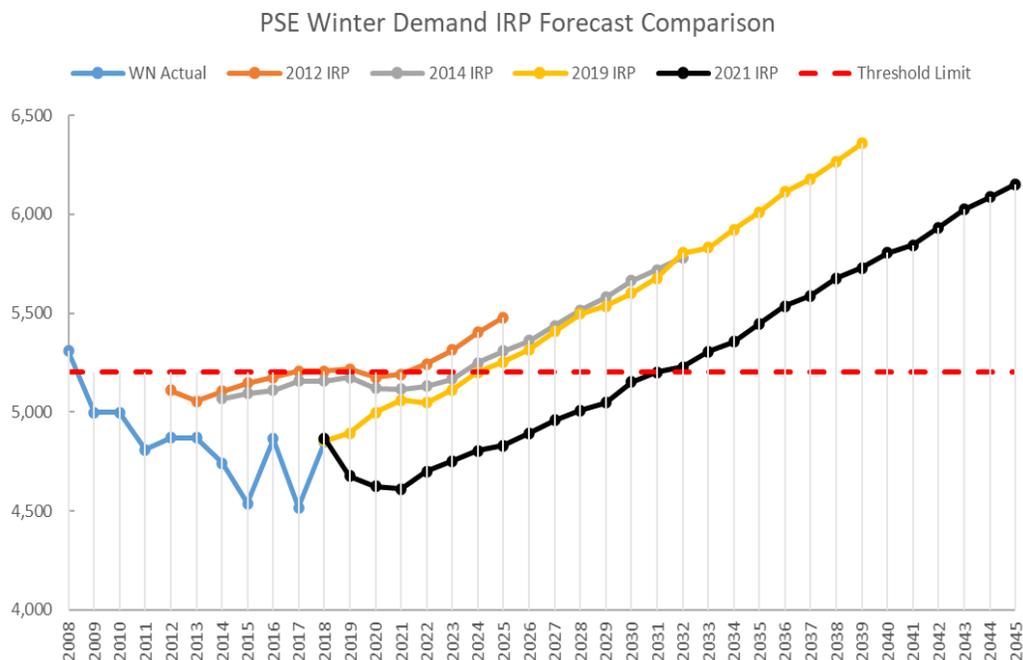
After working on four IRPs, it appears that CENSE efforts have had little impact, aside from convincing PSE to add an extra chapter to the 2017 IRP to describe transmission plans. Like many stakeholders in the IRP process, we remain frustrated with an endeavor that requires a lot of time and effort while yielding few tangible results.

The 2021 IRP process was even more discouraging than the three previous IRPs. The plans outlined in the Draft IRP are incomplete, based on undisclosed data and assumptions, and have the potential to inflict long-term harm on PSE's customers and the environment. The plans ignore the clear intentions of the state legislature, the Clean Energy Transformation Act, and other bills that seek to reduce greenhouse gas emissions.

Here are examples showing how the IRP process is broken and how it must change:

1. PSE's load forecasts are consistently exaggerated.

PSE appears to use inflated peak demand forecasts to justify construction of unnecessary infrastructure. During the past ten years, none of PSE's vigorous demand projections have materialized. The following chart graphs PSE's demand forecast from four IRPs. The 2012 forecast shows demand crossing a somewhat puzzling threshold line in 2017, implying an urgent need to build a quarter-billion-dollar transmission upgrade on the Eastside.



PSE's 2021 forecast shows that now the earliest need would be 2030, and the large variation in these forecasts causes us to question the accuracy of the latest forecast.

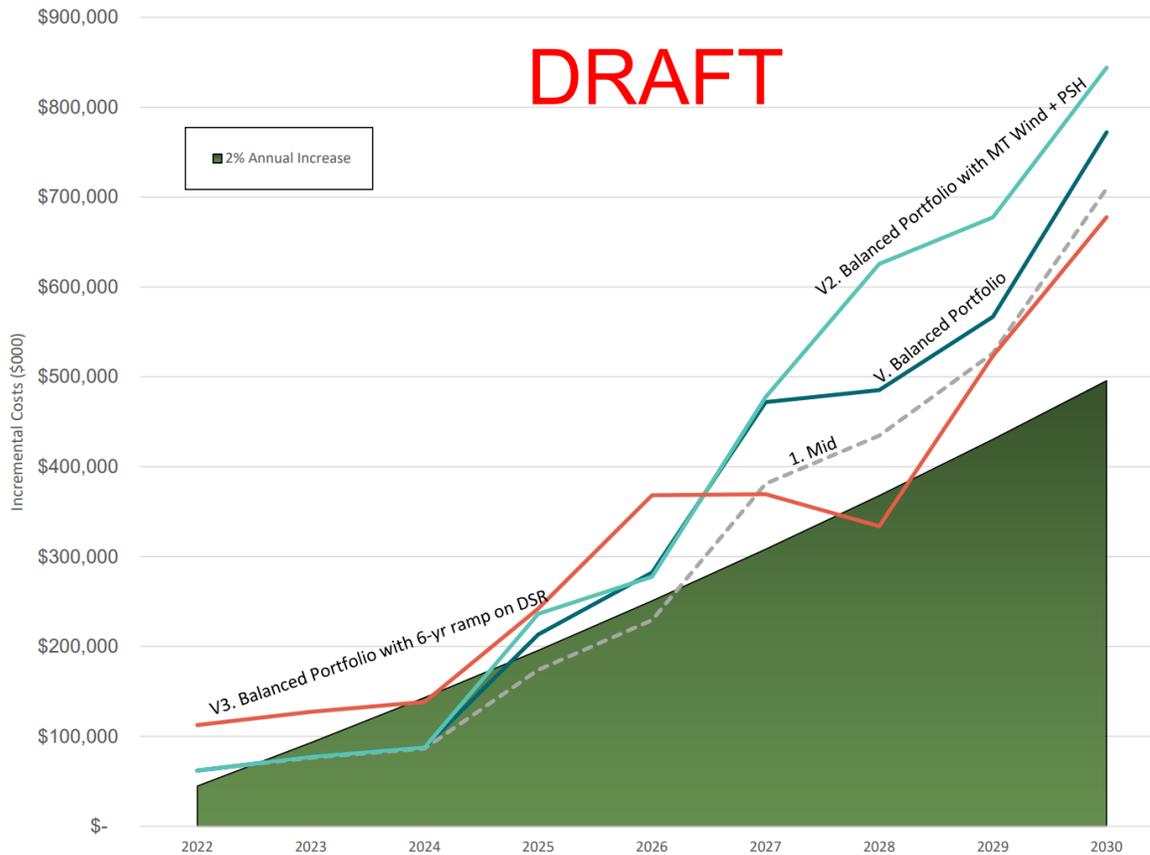
Recommended change

Forecasts should be developed by independent modelers using an open and transparent process that all stakeholders can understand. Incidentally, the 2021 IRP demand forecast has not been finalized, which should be a red flag for this IRP.

2. PSE may not meet CETA targets.

Mere hours before the February 10, 2021 IRP webinar, PSE increased its CETA compliance cost forecasts without notifying webinar participants that the meeting materials posted on PSE's website had changed. PSE's new projections are shown in the following chart, copied here from the webinar presentation. Every model now exceeds the 2% annual cost cap, resulting in costs that are 35-68% higher than the cumulative cap in 2030. IRP stakeholders do not understand what led to the dramatic change. Many contend that PSE is not properly investing in technology solutions that could keep the company well within the cost caps.

Last minute changes in IRP webinar materials are not unusual. PSE has made significant changes to webinar presentation materials before.



Recommended change

PSE has a list of pre-registered attendees who can easily be notified, and PSE should make this commitment.

3. Failure to prioritize CETA compliance

While it was disturbing that webinar participants were not notified prior to the meeting about the CETA cost changes, it was even more disturbing that PSE put this slide at the very end (the very last slide!) of a meeting that had already lasted several hours. It suggests the company did not want an in-depth discussion about this forecast, which is easily the most important topic covered in the webinar.

Recommended change

PSE should prioritize CETA compliance and acknowledge its importance by putting it at the front of IRP presentations. PSE should publish all the data and assumptions that affect the CETA compliance, along with full explanations when significant changes occur that relate to compliance forecasts and plans.

4. PSE is withholding modeling data and assumptions.

The lack of clear data underlying PSE's murky CETA compliance forecast is not an isolated issue. IRP stakeholders have no access to the modeling data and assumptions PSE uses as the foundation for the company's IRP decisions. For many years, stakeholders have asked PSE to share this data, perhaps under non-disclosure agreements. However, PSE continues to fight disclosure. The limited data PSE has shared contains errors. Stakeholders have identified problems in the way PSE calculates upstream emissions and connection costs for energy storage resources. Stakeholders continue to challenge PSE's outdated temperature forecasts which do not reflect accelerating climate change.

Recommended change

Many utilities share modeling data and assumptions under non-disclosure agreements. If stakeholders are to have any real influence or understanding of PSE's IRP, access to this data is non-negotiable. PSE appears to be biasing results to pursue solutions that best serve its business interests rather than delivering maximum value to customers. This cannot be remedied without increased transparency and accountability.

5. Analysis of Non-Wire Alternatives is biased.

In the February webinar, PSE presented an analysis of four Non-Wire Alternative pilot projects. In every one of the projects, a full NWA solution was found to be infeasible for a variety of reasons. These "failures" of NWAs led PSE to create a decision chart based on arbitrary criteria that eliminates NWAs from consideration at an early stage of project evaluation. The criteria are based on lessons learned from atypical projects. For example, one of the pilot projects serves a large agricultural customer that produces long duration demand peaks in the summer. This is not a typical scenario in most of PSE's service territory, but PSE is nonetheless willing to apply this lesson to all projects that might otherwise benefit from NWA solutions. PSE's Manager of System Planning

claimed that successful NWA projects are rare across the country. I provided half a dozen examples where NWAs are saving money, providing cleaner energy, and reducing impacts on communities.

Recommended change

PSE will find excuses to not do whatever it doesn't want to do. PSE doesn't want to replace lucrative wired solutions with NWAs that might deliver better value to local customers. Again, it is hard to imagine a remedy without requiring PSE to be more transparent and accountable for its decisions.

The big picture

How can the Commission and the Legislature hold PSE accountable?

First, we ask the UTC to acknowledge that PSE's 2021 is –

- the outcome of a flawed public process,
- based on analysis and assumptions that cannot be fully understood or validated by the Commission or IRP stakeholders,
- likely to be out of compliance with the requirements of CETA,
- not a useful basis to inform the upcoming Clean Energy Implementation Plan.

At a time of rapid technological, legislative, and regulatory change, Washington needs to modernize the way our state evaluates large energy infrastructure projects. It is time for the Commission and Legislature to establish a project approval process **before construction begins** that ensures PSE's projects benefit consumers, the environment, as well as the company's bottom line. For example, an unbiased third party, such as EFSEC, could evaluate and authorize large energy infrastructure projects before they are built (EFSEC review is currently at PSE's discretion). The State's current regulatory framework places PSE at considerable risk when the company builds expensive projects and then expects the Commission to judge the investment "prudent," allowing PSE to recoup expenditures by increasing customers' rates. This after-the fact evaluation of prudence by the Commission is counter-productive to effective energy planning and benefits neither PSE or its customers.

CENSE and many IRP stakeholders look forward to working with the Legislature and Commission to update Washington's energy infrastructure approval process.

Don Marsh
President, CENSE.org