BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of the Staff Investigation Re Developing a Commission Jurisdictional Specific Cost-Effectiveness Test for Distributed Energy Resources Incorporating CETA.	DOCKET UE-210804 INITIAL COMMENTS OF THE ENERGY PROJECT

I. INTRODUCTION

The Energy Project files these initial comments in response to the Commission's Notice of Opportunity To File Written Comments (Notice) issued November 4, 2021. This initial filng provides some general comments about the topic of the dockets and responds to selected questions in the Notice.

II. INITIAL COMMENTS OF THE ENERGY PROJECT

A. General Comments

The Energy Project supports the Commission's initiation of this Staff investigation. The Energy Project was one of the stakeholders that had suggested during prior rulemaking proceedings that further Commission guidance regarding changes to cost effectiveness calculations required under CETA would be beneficial.[1] We are generally comfortable with the plan for the Staff investigation to follow the principles and processes of the National Standard Practice Manual for Benefit-Cost Analysis of Distributed Energy Resources (NSPM or Manual) as explained in the Notice.

The Notice indicates that this proceeding will include multiple future opportunities to develop issues through workshops and further written comments. The comments we provide

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today are therefore preliminary in nature. Question 3 in the Notice asks the utilities to provide certain information regarding utility impacts (benefits and costs) currently used in evaluating cost-effectivness of distributed energy resources (DER). This information will be helpful to gain a clear understanding of current utility practice and will also inform future comments and analysis. The Energy Project intends to be engaged in this docket and provide additional input on specific issues as the docket progresses.

B. Responses to Specific Notice Questions

Question 1: Policy Goals

The Energy Project is generally in agreement with the policy goals as set forth in Table 3 of the Notice These policy goals include the goals from Section 12 of CETA regarding low-income assistance as well as the requirements in CETA regarding equitable distribution of benefits and reduction of burdens. The Energy Project suggests some friendly amendments to the list. Table 3 lists as a goal to "reduce energy burden of low-income households." While this is certainly a valid goal, it could be broadened to more completely reflect CETA by stating "reduce the energy burden of low-income households, vulnerable populations, and highly impacted communities." [2] Similarly, the goal of "avoiding increased burdens to highly impacted communities" could be rephrased to state: "no increase in environmental health impacts to highly impacted communities."[3] Other CETA policy goals from RCW 19.405.010 that could be

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[1] Dockets UE-190698 & UE-191023, Comments of The Energy Project (September 11, 2020), ¶¶ 19-21.
[2] RCW 19.405.120, 19.205.010(6)
[3] RCW 19.405.010(6)

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considered in this context include: creation of high quality jobs in the clean energy sector, and stable and affordable rates for safe and reliable energy.[4]

These policy goals and CETA requirements will necessitate some changes to cost-effectiveness evalautions of DER. One of the changes we discuss below pertains to greater recognition of non-energy impacts (NEIs) within DER cost-effectiveness analyses. These changes and others will require the Commission and stakeholders to consider new methods and approaches. As the NSPM appropriately recognizes: "[a]n expanded set of planning objectives—such as clean energy, resilience, flexibility, equity and affordability, and more—widens the scope of planning activities and requires new methods, criteria, and models."[5] As part of this investigation, we look forward to gaining a better understanding of the different approaches referenced in the Manual, and other relevant resources, to ensure cost-effectiveness methods are in alignment with the policy goals, including CETA's goals related to equity and reduction of energy burden.

Question 6: Workplan

The Energy Project is generally supportive of the Staff workplan outlined in the Notice. As outlined, this has the potential to be a fairly time and resource intensive process both for the Commission and parties. TEP suggests that, where the opportunity arises, workshops and comments could be organized around particular topics or sets of related topics. That approach would alleviate some burdens on stakeholders with managing workload and engagement and allow parties with targeted interests to participate in the docket more efficiently.

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[4] RCW 19.405.010(4)
[5] NSPM at p. 14-5.

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At this time we do not have a specific recommendation regarding the timing of the Commission's investigation. We would simply reiterate our comments made in an earlier CETA rulemaking that, in the absence of Commission guidance on the cost-effectiveness issue, the specific approaches and methods used by the utilities to comply with CETA requirements (e.g., for consideration of non-energy impacts) will have to be developed for each utility on a case-by-case basis and considered by stakeholders in a range of different dockets and advisory groups related to integrated resource planning, CEIP planning, biennial conservaton planning, and more.[6] This could lead to potentially inconsistent approaches and will create resource-intensive challenges for stakeholders. To avoid these problems, completing the work of this docket as expeditiously as possible will be very helpful.

Question 7: Key Issues For Docket

The Energy Project is comfortable with the key issues list set forth in the Notice under question 7. The issues outlined in questions 7(d) and 7(e) regarding "hard to quantify" utility impacts and host customer impacts are of particular interest to The Energy Project. During the Commission's recent IRP and CEIP rulemakings, TEP provided comments regarding the importance of reviewing non-energy impacts (NEIs) and described approaches taken in different states to incorporate NEIs, particularly for low income programs.[7] NEIs associated with programs that serve customers with low incomes may accrue to the utility system (e.g. reduced arrearages and collections costs, reduced disconnections and reconnections), the host customer (e.g. improved home comfort, reduced illness/improved health), or society (e.g. public health, air

[6] Dockets UE-190698 & UE-191023, Comments of The Energy Project (September 11, 2020), ¶¶ 19-21.

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quality, and employment benefits). These harder to quanitify impacts of low income DER programs are typically benefits, as shown in Tables S-7 and S-8 of the NSPM, and have not yet been fully captured in utility cost-effectiveness analyses.[8] Due to the omission of these benefits from benefit-cost analyses, there has not been symmetrical treatment of costs and benefits, and thus the results contain inherent bias. Addressing and correcting for this asymmetry, to ensure utility cost-effectivness analyses are consistent with CETA's policy goals, will be a critical and much needed component of this investigation.

III. CONCLUSION

The Energy Project appreciates the Commission and Staff initiating this investigation on an important set of issues. The Energy Project looks forward to working with the Commission, Staff, and other stakeholders as the docket moves forward and will have additional comments and recommendations as the discussions develop.

Respectfully submitted this 14th Day of December, 2021

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[7] UE-190698, Initial Comments of The Energy Project, (December 20, 2019), ¶¶ 10-20; UE-191023, Initial Comments of The Energy Project, (February 28, 2020), ¶¶ 17-29.

[8] NSPM at pp. xi-xii. These tables show that non-energy impacts for low income programs are typically benefits (versus costs) for each type of DER (Energy Efficiency, Demand Response, Distributed Generation, Storage, Electrificiation).