

U-240281

February 20, 2025

Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission 621 Woodland Sq. Loop SE Lacey,
Washington 98503

Re: U-240281, Comments from Renewable Northwest, Climate Solutions, NW Energy Coalition, and Rewiring America on the second draft of the rules for implementing ESHB 1589.

Dear Jeff Killip,

On May 10, 2024, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to engage in a Commission rulemaking required to implement ESHB 1589 (Chapter 351, Laws of 2024). On September 20, 2024, the Washington Utilities and Transportation Commission (Commission) issued a Notice of Opportunity to File Written Comments on Integrated System Plan (ISP) draft rules. The Commission held a Workshop on October 25, 2024 to discuss the first draft rules. On January 17, 2025, the Commission issued its second draft ISP rules. These comments are in response to the Commission's second draft rules.

Renewable Northwest, Climate Solutions, NW Energy Coalition, and Rewiring America appreciate the opportunity to file joint comments on the draft rules. Renewable Northwest is a non-profit advocacy organization that works to decarbonize the region by accelerating the transition to renewable electricity. Climate Solutions is a Northwest-based clean energy nonprofit advocacy organization with the mission of accelerating clean energy solutions to the climate crisis. NW Energy Coalition is an alliance of over 100 environmental, civic and human service organizations, progressive utilities, and businesses working to advance clean and affordable energy in the northwest. Rewiring America is a leading electrification nonprofit focused on electrifying American homes, businesses, and communities through developing accessible data and tools, spurring market transformation, and simplifying the transition to electric solutions.

We recognize the Commission's efforts in this rulemaking and its efforts to build upon and improve upon the first draft of rules. Our overall impression is that the Commission's second draft is an improvement upon the first. As our comments will discuss, the Commission has made several improvements to the integrated system planning rules that will better position a large combination utility to develop a lowest reasonable cost plan for providing service to its customers and meeting state goals. The

second draft rules will also provide the Commission and the public the information they need to feel confident in the plan.

In its Notice, the Commission asked interested parties to provide comments on the second draft rules as well as asked seven questions on specific areas of the rule. Our comments are structured into two parts: Part 1 addresses specific issues or topics in the draft rules. In Part 2, we respond to the Commission's questions.

Part 1 – General Comments

1. The Commission should define voluntary electrification consistent with our proposed definition

In November 2024, Washington state voters passed Initiative 2066, which addresses several areas of natural gas service, including the Commission's regulatory authority and the state building codes. Most relevant to this rulemaking, I-2066 directed the Commission not to approve, or approve with conditions, "a multiyear rate plan that requires or incentivizes a gas company or large combination utility to terminate natural gas service to customers."¹ Our understanding is that the Commission may not approve a multi-year rate plan in which a Company proposes programs that provide a financial or other incentive to a gas utility for terminating a customer against their wishes. The Commission can approve utility programs that provide voluntary, opt-in education, rebates, or incentives to customers who voluntarily choose to participate in an electrification program.

The second draft rules require the large combination utility to "evaluate the potential cost-effective voluntary electrification that may be implemented,"² conduct an electrification potential assessment of the potential for "voluntary electrification of customer loads,"³ and in its Clean Energy Action Plan, "identify the potential cost-effective voluntary electrification programs that may be implemented."⁴

We appreciate the Commission's clarification to the draft rules regarding the large combination utility's responsibilities for evaluating and identifying voluntary electrification that can be part of the Company's lowest reasonable cost portfolio of investments and resources. To minimize confusion and ensure that the utility's electrification programs are in compliance with the voter initiative, we recommend the Commission define the term

¹ https://www2.sos.wa.gov/_assets/elections/initiatives/finaltext_3177.pdf

² (050)(5)(f)

³

⁴ (060)(1)(g)

“voluntary electrification” as well as its companion term used in draft rules, “voluntary electrification programs.”

Recommendation:

- Add a new definition for voluntary electrification, which means the installation of electric end-use equipment by a customer who chooses to replace or supplement end-use equipment that uses natural gas or other delivered fuel, such as propane or heating oil, as its primary source.
- Voluntary electrification programs refer to the incentives, rebates, financing, technical assistance, education, direct installation, and/or maintenance offerings for customers who choose to participate in voluntary electrification. Voluntary electrification programs may include hybrid heating systems and projects to upgrade electric service infrastructure to enable the adoption of electric technologies. Voluntary electrification programs may additionally pair the installation of electric end-use equipment with weatherization, conservation, efficiency, and demand response and load management measures.

2. Emissions Reduction Planning Requirement

The second draft rules, in the new cross-cutting and planning requirements section, include a requirement that the large combination utility “include analysis of how different portfolios and actions contribute to achievement of emissions reductions for both gas and electric operations equal to at least their proportional share of emission reductions required under RCW 70A.45.020” in its long-range system and action plans.⁵

As we address later in our comments, we are supportive of this new cross-cutting section. We are also supportive of a requirement for the large combination utility to demonstrate that the resources, investments, and actions in the utility’s portfolio are helping the utility achieve the state’s emissions reduction goals. We interpret the Commission’s requirement to mean that the utility must show how the resources, investments, and actions achieve the state’s policy goals, on a granular level, for each portfolio. Said another way, the assessment must be able to quantify the emissions reduction impacts attributable to a specific resource, investment, or action. We appreciate the Commission’s recognition of the state’s emissions limits in RCW 70A.45.020 as a modeling optimization goal. We also recommend the Commission require the large

⁵ (030)(6).

combination utility to demonstrate, on a granular level, its compliance with other relevant state emissions reduction limits, including 70A.65 RCW and 19.405 RCW.

Recommendation:

- Modify (030)(6) Emission reduction planning requirements. In developing the long-range system plan and action plans, a large combination utility shall ~~include~~ provide a granular analysis of how different each scenario, sensitivity, portfolio, as well as any action plan and specific and actions contribute to achievement of emissions reductions for both gas and electric operations including:
 - (a) equal to at least their proportional share of emissions reductions required under RCW 70A.45.020,
 - (b) complies with the large combination utility's obligations in 70A.65 RCW, and
 - (c) complies with the large combination utility's obligations in 19.405 RCW.

3. Each Scenario and Sensitivity should demonstrate how the portfolio complies with state emissions reduction goals and requirements

The purpose of an integrated resource plan, or an integrated system plan, is to identify the lowest reasonable cost mix of resources and investments that comply with all regulatory and state requirements. The utility uses scenarios and sensitivity analysis to test the costs, benefits, and risks of resources and investments, or portfolios of resources and investments, under various futures. This analysis helps the utility and public understand the costs, risks, benefits, and tradeoffs of the utility's options. Unless otherwise explicitly required, or under circumstances when the utility is testing the specific impact of a certain resource, the resulting portfolios from each scenario and sensitivity should demonstrate how both the gas and electric operations will achieve regulatory requirements, such as resource adequacy standards and state policy goals, including RCW 70A.45.020, the Clean Energy Transformation Act, and the Climate Commitment Act.

We recommend the Commission modify (050)(4) scenarios and sensitivities to explicitly require the utility's analysis to demonstrate how the resulting portfolio complies with regulatory requirements and state policy goals.

Recommendation:

- Add (050)(4)(x) "unless otherwise required by statute, or to test the impact of a specific resource, investment, or action, all scenarios and sensitivities must comply with all regulatory requirements and state policies."

4. The Commission should require all scenarios and sensitivities to forecast gas plant capital investments

The draft rules include a requirement for the large combination utility to detail its gas plant additions by investment category, as well provide information about the location and costs of pipeline replacement and repairs, in the Clean Energy Action Plan.⁶ We appreciate the recognition that the large combination utility's gas plant's forecasted additions and maintenance/repair costs are important for understanding the costs, benefits, and risks of the utility's service. In particular, we appreciate that the draft rules focus on the need for the utility to provide sufficient information about the timing, location, and impetus for the location and costs of gas plant investments.

The Clean Energy Action Plan is the utility's 10-year clean energy action plan for investments and includes the specific actions the utility will take to meet its regulatory and state policy requirements. As such, we agree with the Commission that it is necessary for the Company to provide information about gas plant forecasted additions and maintenance/repair costs in its CEAP. We think the Commission should similarly include the requirement to identify capital expenditures and investments by category for all the utility's scenarios and sensitivity runs. As we discussed in previous comments, when determining whether to approve the ISP, the legislature instructed the Commission to consider whether the ISP "results in a reasonable cost to customers, and projects the rate impacts of specific actions, programs, and investments on customers."⁷ To make this determination, the Commission necessarily needs to compare the costs, benefits, and risks of various portfolios of resources. The utility's scenarios and sensitivities analyses will make assumptions about the size and cost of its gas delivery system. Failure to include a forecast of gas plant investments and maintenance and repair costs over time will lead to incorrect totaling of the costs and benefits of the scenarios. For example, a scenario with high electrification would appear artificially more costly as compared to a scenario that includes minimal levels of electrification if the utility assumes both scenarios will need the same level of investment in its gas delivery system. The Commission could not make this comparison if the only requirement to identify the gas plant capital additions is in the CEAP.

We also recommend that the Matrix of Results in (050)(7)(a) include the resulting gas plant expenditures by investment category. We agree, however, that the Company only needs to identify the requirements of (060)(1)(j)(ii) in the CEAP.

⁶ (060)(1)(j).

⁷ RCW 80.86.020(12)(g)(iv).

Recommendation:

- Add a new requirement after (050)(2) Resource Evaluation, that requires the utility “identify the gas plant capital expenditures and investments by category,” and
- Require the Matrix of Results in (050)(7)(a) to include the resulting gas plant expenditures by investment category.

5. The renewable resource integration assessment should be modified to clarify that the assessment should examine all forms of commercially available energy storage, not just battery storage.

The draft rules’ (040)(4) renewable resource integration requires an assessment of “methods, commercially available technologies, or facilities for integrating renewable resources including, but not limited to, battery storage and pumped storage, and addressing overgeneration events, if applicable to the large combination utility’s resource portfolio. The assessment may address ancillary services.” Although the draft rules only specify a subset of commercially available technologies, we recognize that the draft rules do not limit the types of commercially available technologies assessed to those highlighted in the draft rule. Nevertheless, we recommend that the Commission adopt more technologically neutral language.

Recommendation: The Commission should modify (040)(4) accordingly, “An assessment of methods, commercially available technologies, or facilities for integrating renewable resources including, but not limited to, battery storage and pumped storage short-, medium- and long-duration energy storage technologies, and addressing overgeneration events, if applicable to the large combination utility’s resource portfolio. The assessment may address ancillary services.”

6. Continue to develop meaningful public participation procedures and strengthen advisory groups

WAC 480-100-655 under CETA is the foundational framework for public involvement in these draft rules. We believe it is essential for the Commission and Staff to persist in monitoring and improving upon public participation and advisory group effectiveness, with an emphasis on procedural equity and justice. This is particularly important in the learning stages of this new ISP development where advisory groups play a pivotal role in the effective planning and implementation of an ISP. An action, which the draft rules hint to but

can make more explicit, is the active recruitment and expansion of advisory group members by the utility, with the review from the Commission and Staff, to fulfill the range of expertise needed for successful planning and implementation of an ISP.

Recommendation:

- Modify WAC 480-95-080 Procedures (1)(a): ~~Consider~~, With input from existing advisory groups, ~~whether~~ expand advisory group membership ~~are~~ given the scope of the integrated system plan
- Add (c): The Commission shall continue to improve upon and monitor the effectiveness and make-up of advisory groups and public input in the ISP process, including but not limited to, the accessibility for meaningful public participation, meeting the range of expertise needed, and overall moving forward procedural equity and justice.

Part 2 – Responses to Commission Questions

- 1. Reorganization. While much of the language has not changed since the last draft, Staff has reorganized the draft rules in order to help streamline them. Do you believe the reorganization is a net positive change to the draft rules? Do you have any suggestions for alternative organizations (major or minor)?**

Yes, the reorganization is a net positive. The most notable reorganization was the addition of (030) a new cross-cutting assessment and planning requirements, which we support. In particular, we appreciate the draft rules specifically calling out the concept of cross-cutting assessments. As we commented previously, it is imperative that the large combination utility capture the dynamic interactions between the gas and electric system.⁸ The new cross-cutting section appropriately requires the utility to utilize an iterative modeling framework “wherein the different levels of the gas and electric systems are considered in conjunction with one another to achieve the ISP objectives.” The concept of an iterative modeling framework necessarily needs to be incorporated in all stages of the ISP – from the assessment of resources and delivery system (040), to the content of an ISP (050), implementation (060), reporting and compliance (070), and the content of the procedure section (080). Likewise, the utility’s obligation to consider the social cost of greenhouse gas emissions in its ISP is appropriately placed in the cross-cutting section.

We also recognize that the new section includes the utility's planning requirements, including energy efficiency, demand response, emissions reduction, resource adequacy, and cost test requirements. It is helpful to have a single section that identifies the large combination utility's legal and regulatory obligations. However, the list of the utility's requirements appears to be incomplete. The large combination utility also has obligations to develop specific targets in its CEAP (060)(3). It may be confusing to have a section titled "planning requirements" but not include all of the utility's requirements. The Commission could take one of two paths. First, add a new bullet in this section that says the utility must also meet the CEAP statutory requirements as identified in Section (060). Alternatively, the Commission could remove the planning requirements from the new section (030)(4) – (8) and embed the requirements in the implementation section (060).

2. Purpose. In this draft of the ISP rules, Staff proposed removing the explicit purposes in each section in favor of a single purpose section for the ISP as a whole. Do you believe there is a reason to have purposes (plural) for different sections of the ISP rules, or is it more appropriate to describe one overarching purpose of the ISP? In either case, please describe why.

Generally speaking, we do not see a need to have a purpose description for each section, as it adds additional length to an already lengthy rulemaking. Each section's requirements should be written so that the requirement speaks for itself.

3. Definitions. Staff proposes three new definitions in this draft of the ISP rules.

- i. **Commercially feasible. Do you believe the definition proposed in these draft ISP rules for "commercially feasible" is appropriate given the places in statute¹ and these draft rules² where that term appears? Please explain why.**
- ii. **Commercially available. Do you believe it is important to define this previously undefined term? If so, do you believe Staff's proposed definition is appropriate? Why or why not?**
- iii. **Nonwires solution. Do you believe it is important to define this previously undefined term? If so, do you believe Staff's proposed definition is appropriate? Why or why not?**

Thank you for identifying these terms and proposing definitions for comment. We recognize that, however narrow Commission defines concepts like "commercially feasible" and "commercially available," there will likely remain some ambiguity and room for reasonable persons to disagree. That said, we recommend the Commission further refine

the concept of “commercially available” and distinguish between resources that are commercially available from resources that are “reasonably anticipated” to be available.

The draft rules define commercially available as “a resource that is currently available or is reasonably anticipated to be available within the integrated system plan’s study period, to be put into commercial operation supporting utility service.” The definition - perhaps inappropriately - conflates equal status on the certainty of availability and cost of resources that are commercially available today and availability of resources projected to be available within the planning horizon of at least 20 years. There can be significant uncertainty about when, and at what cost, a technology that is not yet available will become commercially available. We recommend the Commission set a clear distinction between resources that are commercially available and resources that are forecasted to be available over the planning horizon. Otherwise, there may be unintended consequences that do not advance the public interest. In particular, we are concerned that a utility could delay procuring clean resources today, or justify making investments in fossil fuels today, by projecting another clean resource, clean fuel, or investment becomes “commercially available” later in the planning horizon, regardless of the certainty. For example, a utility could propose to build a gas-fired electric generator today and project that there will be sufficient, cheap alternative fuels available in 15 years (e.g., biofuel, clean hydrogen) at which time the gas-fired electric generator would be projected to transition fuels. The cost and availability of alternative fuels, for the most part, is still highly uncertain.

It is not clear how to distinguish between resources that are presently commercially available and resources projected to be commercially available as the term is used in the rules. We invite the Commission to discuss this issue at a forthcoming workshop to determine if it is feasible to address the issue we raise here. One possible course of action is for the Commission to state in its Final Order approving the ISP rules that the Commission will apply a higher level of scrutiny, and place less of a value, to resources or investments that only become commercially available beyond the implementation period. In addition, the further out a resource is forecasted to be available, the Commission will place greater scrutiny. The downside of this approach is that the Commission’s directive in an Order is not as accessible or enduring as a requirement described in rule.

We have no proposed edits to the definitions of commercially feasible or nonwires solutions.

Recommendation: We invite the Commission to discuss this issue at a forthcoming workshop to determine if it is feasible to address the issue we raise here.

- 4. Cross-cutting assessment and planning requirements. Staff attempted to consolidate any overarching requirements that apply to all sections of the ISP into draft WAC 480- 95-030.**
- a. Are there any requirements within this section that you do not believe should apply to all parts of the ISP? Are there any requirements missing from this section?**
 - b. Are there other sections of the draft ISP rules that contain these requirements that no longer need to include them given they are now covered by this overarching requirements section?**

We addressed the cross-cutting assessment and planning requirements earlier in our comments. Here, we observe that the planning requirements, (030)(4) – (030)(7) overlap with requirements in (060), implementation. We further note that not all the planning requirements in (060), implementation, are reflected in (030). For example, we observe that (030) does not include specific or interim targets. Further, we observe that the utility’s requirement to achieve two percent of electric load annually with conservation and energy efficiency appears in three sections of the rules.⁹ The Commission should consider if it would be simpler to focus (030) on only the cross-cutting assessments – sub bullets 1 – 3 – and keep the planning requirements in the implementation section (060).

- 5. Energy assistance potential. Language in draft WAC 480-95-040(1)(ii) comes from existing WAC 480-100-620(3)(b)(iii). Is there a more appropriate place for this language in the draft ISP rules than its current location? If so, where would you recommend putting it?**

Yes, the energy assistance potential should be moved out of (040)(1)(a)(ii) and recognized as its own assessment in (040). The genesis of the requirement to conduct an energy assistance potential assessment is RCW 19.405.120, the Clean Energy Transformation Act. The statute says that each utility must demonstrate progress in providing energy assistance pursuant to the assessment and plans it makes biennially to the Department of Commerce.¹⁰ The statute does not make any connection between the energy assistance potential and distributed energy resources.

The energy assistance potential assessment is similarly situated to other IRP assessments, such as the conservation potential assessment. It is a study that is conducted outside the integrated resource plan, or integrated system plan, and the results of the study should inform the IRP or ISP. As such, it could reasonably be included as its

⁹ (030)(4), (050)(5)(c), and (060)(3)(a)(i).

¹⁰ RCW 19.405.120.

own assessment in (040) Assessment of resources and delivery system. Further, we recommend that the Commission add a requirement to (060), implementation, that identifies the utility's programs and funding available for energy assistance to low-income households and the utility's compliance with the requirements of RCW 19.405.120(4).

Recommendation:

- Move the energy assistance potential requirement to (040)(x), and
- Add a new requirement to (060)(x) that requires the utility to “identify programs and funding available for energy assistance to low-income households, as well as the utility's compliance with the requirements of RCW 19.405.120(4).”

6. Data disclosure. Planning analysis requires the use of large amounts of data and sometimes opaque and expensive modeling processes and software. Staff has taken commenters' feedback into account and attempted to update draft WAC 480-95-080(3) to strike a balance, understanding software access and the sensitive data at issue are in tension with the need for transparency. Do you have any suggestions for changes to this language? If so, please explain your reasoning.

We appreciate the draft rules new data disclosure requirements. These additions are the right step towards improving procedural justice. As this Commission well knows, there is both resource and knowledge asymmetry between the utilities and all other parties, including the Commission. The UTC can reduce this asymmetry by requiring the utility to make all data available to the public, and to the maximum extent possible, rely on nonconfidential information.

While it is our preference for the utilities to use open-source software, we recognize that it may not always be feasible nor optimal. Nevertheless, it is not in the public interest if the utility is the only party capable of conducting modeling (i.e., production cost, capacity expansion) exercises. The Commission's consideration of the lowest reasonable cost resources, investments, and actions would be improved if parties other than the utility provided the Commission with quantified, data-driven analysis using the same sophisticated modeling tools the utility uses. Licenses for proprietary modeling software - like Plexos - are very expensive for a smaller entity (tens of thousands of dollars). Furthermore, in some cases, modeling files are not made available to interested

stakeholders (even under a confidentiality agreement with the utility) because those include data that is proprietary of the model vendor. This further inhibits the ability of stakeholders to review a utility's analysis.

The UTC would not be the first public utility commission to require the utilities to provide licenses to interested parties. There are examples of public utility commissions in other states requiring utilities to provide software licenses to other parties.

- The Oregon Public Utilities Commission adopted a stipulation in Pacific Power's 2021 Transition Adjustment Mechanism that requires the utility to provide AURORA licenses to Commission Staff and intervenors for each future TAM.¹¹
- The Arizona Corporation Commission order Arizona Public Service Company, Tucson Electric Power Company, and UNS Electric Inc. to negotiate a project-based licensing fee that permits up to 12 Resource Planning Advisory Council members and Staff to perform their own modeling runs, and to provide all necessary data and support to fully utilize the models. The utilities were ordered to absorb the costs of the licensing fees.¹²
- After undergoing a modeling collaborative ordered by the Michigan Public Service Commission, DTE Electric decided to provide a license for interveners in the following IRP.¹³
- The South Carolina Public Service Commission ordered Dominion Energy to negotiate discounted, project-based licenses for intervenors to perform their own capacity expansion modeling runs in the same software and then directed the utility to absorb the cost of the licenses.¹⁴

¹¹ Public Utility Commission of Oregon, Order No. 20-392, In the Matter of PacifiCorp, dba Pacific Power, 2021 Transition Adjustment Mechanism, UE 375, October 30, 2020. Available at: <https://apps.puc.state.or.us/orders/2020ords/20-392.pdf>

¹² Arizona Corporate Commission, Order No. 78499, In the Matter of Resource Planning and Procurement in 2019, 2020 and 2021, March 2, 2022. P.14, Available at: <https://docket.images.azcc.gov/0000206081.pdf?i=1739318368959>

¹³ DTE Electric, Case U-20471, "DTE Electric's Integrated Resource Plan (IRP), Modeling Software Collaborative Summary Report" June 18, 2020. Available at: <https://mi-psc.my.site.com/sfc/servlet.shepherd/version/download/068t000000CIEbLAAX>

¹⁴ Public Service Commission of South Carolina, Docket No. 2019-226-E, Order No. 2020-832, Order Rejecting Dominion's Integrated Resource Plan and Requiring Dominion to Make Modifications to Its 2020 Integrated Resource Plan, Future Updates and Future Integrated Resource Plans. December 23, 2020. P. 92. Available at: <https://dms.psc.sc.gov/Attachments/Order/a4b59f43-e545-43bd-9f35-a846b7602c39>

- In 2023, the Iowa Utilities Board approved a settlement agreement between MidAmerican Energy Company and parties that requires the utility to provide each settlement party one project-specific intervenor license (not to exceed four total licenses) for future Resource Evaluation Studies. Further, the utility agreed to provide access to the modeling inputs and settings used by MidAmerican without the need for a data request.¹⁵
- The Kentucky Public Service Commission ordered LG&E/KU to improve transparency and increase access to the software, inputs, and assumptions relied upon for their calculations in future cases, including IRP and QF rates. The utilities were ordered to provide their inputs and assumptions to intervening parties in their native formats and submit a filing that details how LG&E/KU will increase the transparency of their modeling to the Commission. The LG&E/KU plan must allow for one model re-run per intervening party and the Commission per proceeding.¹⁶
- The New Mexico Public Service Commission rules for electric Integrated Resource Plans requires electric utilities to "provide commission utility division staff and stakeholders who have signed a confidentiality agreement reasonable access to the same modeling software used by the utility on equal footing as the utility, and shall perform a reasonable number of modeling runs per staff or a stakeholder, if requested by staff or a stakeholder, in accordance with commission precedent, and the utility shall share all modeling information."¹⁷

The Commission should further encourage the large combination utility to work with stakeholders to identify modeling tools that create the fewest barriers for stakeholder

¹⁵ Iowa Utilities Board, Docket No. RPU-2022-0001 Rehearing Final Order and Concurrence. December 14, 2023. See: *Exhibit A to Revised Stipulation Agreement, Resource Evaluation Study Terms and Conditions*, P.2. Available at: <https://efs.iowa.gov/filing/4517944>

¹⁶ Public Service Commission of the Commonwealth of Kentucky, Docket No. 2020-00349 and 2020-00350, Electronic Application of Kentucky Utilities Company [and Louisville Gas and Electric Company] for an Adjustment of Its [Their] Electric Rates, A Certificate of Public Convenience and Necessity to Deploy Advanced Metering Infrastructure, Approval of Certain Regulatory And Accounting Treatments, and Establishment of a One-Year Surcredit. P. 29. Available at: https://psc.ky.gov/pscscf/2020%20Cases/2020-00350//20210924_PSC_ORDER.pdf

¹⁷ 17.7.3.9 NMAC - N, 10/27/2022; A, 11/29/2022. Available at: <https://www.srca.nm.gov/parts/title17/17.007.0003.html>

review. In Michigan, the Public Service Commission ordered DTE Electric to convene a two-day collaborative with interested parties and stakeholders, to explore alternative modeling tools, after finding issues with DTE's modeling software choices.¹⁸ The Michigan Commission acknowledged that collaborative may not result in the universal adoption of a new tool for all utilities, and that the final decision on which software the utility uses is the utility's decision. However, the Michigan Commission reminded the utilities that "decision to use a modeling platform that has such material limitations and deficiencies may call into question any plan derived from the use of such a modeling platform, including the reasonableness and prudence of any cost recoveries associated with such a plan."

Even if an interested party will not conduct their own modeling, there is value in having the inputs/outputs and modeling files. Interested parties can review the inputs (particularly those that weren't discussed during a meeting) and discern how they may influence the outputs. Likewise, interested parties can review the outputs, see where step changes occur and then work backwards to understand what might have caused those changes. We appreciate the Commission's commitment to exploring procedural equity and justice (as in docket A – 230217) and believe these recommendations will help all parties get closer to achieving it.

7. ISP midway update. Staff proposes in these draft ISP rules certain conditions which, if met, would require a large combination utility to file a midway update approximately half-way through the four-year implementation period.

- a. Do you believe a midway update is important, or is an ISP filing only every four years adequate?**
- b. Please comment on the conditions described in draft WAC 480-95-080(7)(a)(i)-(iii)? Are there any you would add, remove, or change? If so, why?**

Yes, we strongly recommend that the Commission adopt a midway update. As we have seen repeatedly over the past 10 years, the planning environment is rapidly evolving and key assumptions can change in less than a year. Most recently, in response to the rapid growth of demand from data centers, electric utilities are making significant revising to their demand forecasts relative to previous years. Previously, we have seen major changes in policy (e.g., Climate Commitment Act, Inflation Reduction Act, Clean Energy Transformation Act) resource cost declines (e.g., wind and solar capex costs), and load forecasts (e.g., data center demand) that can have meaningful impacts on the utility's

¹⁸ Michigan Public Service Commission, Cases No. U-20471, U-18091, U-18232, Order, <https://mi-psc.my.site.com/sfc/servlet.shepherd/version/download/068t0000009jWc2AAE>

planning. While we cannot predict the future, we see no reason why this period of rapidly evolving planning environment is going to go through a period of 4-year increments of stasis.

We are a bit concerned that the rules are not sufficiently clear about the degree of changes to key inputs or assumptions that would trigger an ISP update. For example, it is not clear to us what is considered a “substantially changed” load forecast, nor how an interested party would bring forward its concern to the Commission that the utility’s load forecast is substantially changed, particularly if the large combination utility disagrees that the change is “substantial.” Our preference is for the Commission to mandate an ISP midway update. Alternatively, the Commission should provide an avenue for interested parties to argue before the Commission that a midway update is necessary. Moreover, the Commission should acknowledge that there is a timing issue as to when the utility must file its midway update. At some point, the utility will need to dedicate its resources and staffing to developing the next ISP. Thus, the window for when the utility files an ISP update is relatively narrow. The Commission should require the utility to make a filing 12 months after the submission of its ISP with a request to either file, or not file, an ISP update. The Commission should consider the filing at an Open Meeting where interested parties can comment on the matter.

Finally, it is important that the ISP update include an update of the gas plant by category costs alongside the resource costs.

Recommendations:

- Add a new requirement to (080)(7)(a)(x) recognizing that significant changes to national or state policy could also trigger an ISP update. “Significant changes to state or national economic or environmental policy that impact the large combination utility and its customers.”
- Add a new requirement to (080)(7) that requires the utility to make a filing to be heard at an Open Meeting, 12 months after the submission of its ISP with a request to either file, or not file, an ISP update.
- Modify the requirements of (080)(7)(b)(iii) to recognize “gas plant” alongside resource costs.