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Jeff Killip
Executive Director and Secretary
Washington Utilities & Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: **Docket U-240281** - Rulemaking required to implement ESHB 1589 –
AWEC Comments for Draft Cost Test Rules and January 9, 2025 Technical
Workshop

Dear Executive Director Killip:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to submit comments in response to the Commission’s January 17, 2025 Notice of Opportunity to File Written Comments (“Notice to Comment”) on the current draft Integrated System Plan (“ISP”) rules and the list of questions contained within the Notice to Comment. Based on informal discussions with Puget Sound Energy (“PSE”), AWEC understands PSE is planning to file more extensive redlines to the draft rules. AWEC looks forward to reviewing PSE’s proposed changes and offering supplemental comments with its recommendations.

General Comments on Draft ISP Language

AWEC’s responses to specific questions for which it has specific feedback are included below. AWEC also has a number of comments not addressed by the questions in the Notice to Comment, but that are of concern in the current draft ISP rules, as detailed below.

1. *Emissions Reduction Requirements.* AWEC continues to have strong concerns with draft ISP rules that require the establishment of emissions reductions specific targets. As AWEC has previously stated in its October 21, 2024 comments and subsequent oral comments, the Washington State Decarbonization Act for Large Combination Utilities is a planning-focused Act, and does not require the establishment of, or commitment to achieve, specific emissions reduction results. Additional edits to the draft rules are necessary in order to ensure that the draft rules appropriately implement RCW 80.86.020 requirements.

2. *Demonstrated compliance with the Climate Commitment Act (“CCA”) in establishing Interim Targets and Specific Actions.* WAC 480-95-060(2)(a)(iii) requires PSE to propose a series of interim targets that “[d]emonstrate compliance with state laws and policies including, but not limited to, the Climate Commitment Act chapter 173-446 WAC.” WAC 480-95-060(5), related to Specific Actions, refers to the CCA as “affecting energy planning.”

AWEC is unclear on the intent behind specifically identifying the CCA in WAC 480-95-060(2) and (5). As a general matter, PSE’s ISP should comply with all applicable state laws. The inclusion of compliance with the CCA in the context of interim targets and specific actions seems to suggest that either Staff or the Commission (or both) have an interpretation of how the CCA should elicit specific utility compliance actions, but that interpretation is not clear to AWEC at this time. As such, additional explanation is necessary regarding the rule’s intent, particularly given the demonstrated, sometimes disparate interpretations of CCA compliance among participants before the Commission on CCA requirements specifically on the gas side. Any interpretation and/or policy that the Commission intends to adopt regarding CCA compliance requirements through these rules needs to be clearly discussed and stated in order to allow for robust participant engagement on this issue.

3. *Electrification achievement.* WAC 480-95-070(1) and (3) contain requirements about reporting on electrification achievements. Inclusion of this requirement as a reporting requirement suggests that the ISP is intended to, or should, achieve some amount of electrification. There is no such requirement in RCW 80.86.020. AWEC does not object to PSE reporting on its electrification efforts outside of a compliance filing, but does not believe that such a requirement is appropriate in this section of the ISP rules.
4. *Projected Rate Impacts of Specific Actions.* AWEC supports the inclusion of a requirement for the ISP to include projected rate impacts for all modeled scenarios and key sensitivities in WAC 480-95-050(7)(iv). Inclusion of projected rate impacts was a key issue in AWEC’s October 21, 2024 comments and AWEC is appreciative of the recognition that rate impacts are necessary to include given the requirements in RCW 80.86.020(11)(g)(iii). However, ISP rule language should clarify the level of granularity required for rate impact information. The rule could be read to allow overall rate impacts at the portfolio level, which is not sufficient for the Commission to determine whether the ISP “results in a reasonable cost to customers.” If the Cost Test portion of the rules include AWEC’s requested rate impact information by general customer class (i.e. residential, small commercial, large commercial, small industrial, large industrial by fuel type),¹ then a requirement that cost test results be included in the matrix would be a streamlined and efficient way to ensure that the Commission has the information required by statute to make its public interest finding. If the Commission declines to include more

¹ Docket U-240281, Rulemaking required to implement ESHB 1589, AWEC Comments for Draft Cost Test Rules and January 9, 2025 Technical Workshop, at 2;5 (Jan. 14, 2025).

granular rate impacts as part of the cost test, then additional rule language is necessary in WAC 480-95-050(7)(iv), which should read:

(iv) Projected rate impacts of each specific action, program and investment on customers, by residential, small commercial, large commercial, small industrial and large industrial classes.

5. *Clarification of Statutory Requirements.* Regarding WAC 480-95-060, AWEC is concerned that the draft rules appear to have extended Clean Energy Transformation Act's ("CETA") Clean Energy Implementation Plan ("CEIP") requirements to the ISP elements included in RCW 80.86.020(4). Because CEIP requirements are distinct from ISP requirements, CEIP requirements should not apply to non-CEIP elements that must be included in the ISP.
6. *Definition of "implementation period."* AWEC recommends deleting the definition of "implementation period" set forth in WAC 480-95-020(29) in its entirety, or alternatively to amending the language to clarify that the implementation period begins after Commission approval of an ISP. AWEC finds it problematic to have an implementation period start directly after a plan is filed, which necessarily includes time between when a plan is filed and when it is approved. This creates uncertainty for specific utility actions undertaken prior to Commission approval, is administratively inefficient, and may lead to increased costs to customers.
7. *Report on Progress.* WAC 480-95-050(10) contains a requirement that PSE report on its progress "towards implementing the recommendations contained in its previously filed integrated system plan." The rule goes on to clarify the recommendations that must be addressed, which include "suggestions provided by public commenters, advisory group members, commission staff, or other stakeholders that were not or could not be, fully addressed in the previously filed integrated system plan filing." AWEC is concerned that requiring PSE to report on recommendations and suggestions on a filed plan, as opposed to an approved plan, is unnecessarily confusing and may suggest that PSE's obligations extend beyond the contents of a Commission-approved plan. If the intent of this section is to ensure that PSE is engaging in public participation, this requirement is better addressed in the public participation section of the rules. AWEC does not support a requirement that PSE report on the progress for recommendations and suggestions by interested participants that are outside of an approved ISP for purposes of a progress report. Similarly, WAC 480-95-050(11) is also better addressed in the public participation section of the ISP rules.

Responses to Questions

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.

AWEC supports this more streamlined approach to the draft rules achieved by a single, over-arching purpose statement, which is more consistent with pre-existing rules.

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.

AWEC appreciates Staff's consideration of ensuring transparency for non-Staff participants while balancing concerns about software access and sensitive data.

AWEC supports Staff's proposed approach that would require PSE to provide any confidential inputs, outputs, and any associated modeling files in native format and in an easily accessible format to Staff and interested parties that have signed an appropriate agreement. AWEC also supports requiring PSE to provide licenses for Staff and interested parties, but recommends not including a number limit to the amount of interested parties that could receive access. Limiting access to three interested parties raises a number of implementation questions and concerns. For example, what happens to the parties that are interested in the information and substantively engaged, but are not granted a license? Will PSE decide who is granted a license? If so, how? If the Commission will decide, how will it make that decision? As a practical matter, the number of parties that are likely to utilize such software is limited. Understanding that costs of the licenses are an issue, AWEC recommends not limiting non-Commission Staff licenses to a specific number, but the Commission clarifying in its order adopting these rules that it will consider a deferral or other cost recovery mechanism for licenses in excess of those provided to Staff and three interested parties.

In terms of an appropriate agreement pursuant to which PSE would provide confidential data, AWEC supports amending proposed WAC 480-95-080(3) to include language that facilitates a protective order being in place as soon as practicable. To that end, AWEC proposes to amend WAC 480-95-080(3) as follows:

- (a) The large combination utility must file its modeling data inputs with the commission in native format per RCW 19.280.030 (10)(a) and (b) and in an easily accessible format as soon as they are reasonably available during the integrated system plan developing process. If the Commission has not issued a protective order in the proceeding, the filing must request that the Commission issue a protective order pursuant to WAC 480-07-420. The Commission will use its standard form protective order unless the large combination utility demonstrates a compelling need to use a different agreement.

...

(c) The large combination utility must provide any confidential inputs, outputs, and any associated modeling files in native format and in an easily accessible format to commission staff and interested parties who have signed the protective order and are authorized to access confidential information under its terms or if a protective order is not yet in place, a confidentiality agreement or nondisclosure agreement.

Conclusion

AWEC appreciates the opportunity to offer comments and engagement from all parties, including Commission Staff, to ensure that the final ISP rules are functional and consistent with statutory requirements. AWEC looks forward to continuing its engagement in this matter with those goals in mind.

Dated this 20th day of February 2025.

Respectfully submitted,

DAVISON VAN CLEVE, P.C.

/s/ Sommer J. Moser

Sommer J. Moser, OSB # 105260

107 SE Washington St., Suite 430

Portland, Oregon 97214

(503)241-7242 (phone)

sjm@dvclaw.com

*Of Attorneys for the Alliance of
Western Energy Consumers*