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April 3, 2017

VIA UTC WEB PORTAL

Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 S. Evergreen Pk. Dr. S.W.
P. O. Box 47250
Olympia, WA 98504-7250

Re: Draft Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition,
Dockets U-161024 and U-151069

Dear Mr. King:

The Public Counsel Unit of the Attorney General's Office (Public Counsel) respectfully submits comments in response to the Commission's Notice of Opportunity to File Comments, issued on March 6, 2017. Although Public Counsel previously submitted comments in Docket U-161024 addressing Integrated Resource Planning, we have not submitted comments specific to energy storage technology and storage resource acquisition. As such, Public Counsel appreciates the opportunity to provide comments and continue engagement with Washington Utilities and Transportation Commission, Commission Staff, Company representatives, and other stakeholders to address this and other critical issues. Below, please find our initial comments on the Draft Report and Policy Statement on the Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition ("Draft Policy Statement").

I. Changing Planning Paradigms

Public Counsel's Recommendation

Using a stacked benefits approach to resource planning better accommodates emerging technologies than the current "siloes" approach. However, changes to planning paradigms should not be made in a way that would unnecessarily or unfairly give preference to certain resources or technologies, including energy storage.

Public Counsel agrees that resource planning paradigms must be flexible enough to accommodate ongoing improvements in energy generation, transmission, and distribution technologies. Indeed, energy storage technologies disrupt traditional notions of energy resource functionality. As a result, "identifying stacked benefits of a storage project" is critical to



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ensuring that multi-function resources, including storage, are accurately and fairly evaluated as cost-competitive resources.¹

Adjusting the current resource planning paradigms will help the Commission and Companies achieve conservation- and environmental-related goals, while adopting an approach that will not unnecessarily burden ratepayers. With these objectives in mind, Public Counsel supports a stacked benefits approach so long as modeling methodologies are not unfairly skewed toward specific technologies or resource options. The lowest-cost resource and prudence standards must be upheld. These standards allow environmental and conservation goals to be achieved, while protecting ratepayers from unnecessary or speculative expenses.

II. Regulatory Treatment

Public Counsel's Recommendation

Energy storage technologies are a viable and energy-efficient resource, but utilities should only acquire generation, transmission, and distribution resources that meet the least-cost and prudence standards. Policy guidance should not conflict with existing orders or statutory mandates. Additionally, the Commission should encourage additional pilots for novel approaches to energy storage, including vehicle-to-grid integration.

Public Counsel supports the acquisition of, and investment in, emission-reducing resources and technologies. Furthermore, Public Counsel agrees with the Draft Policy Statement's reiteration of prudence standards used to evaluate rate recovery for energy storage resource acquisitions.

The Draft Policy Statement goes further to say that the Commission "will consider and give weight to an energy storage acquisition that is not the least-cost option, provided that it is reasonably competitive."² Public Counsel urges caution in adopting this policy. Pursuing resources that are not the least-cost option weakens and potentially contradicts the prudence standards iterated earlier in the Policy Statement and further established by Commission order and WAC 480-100-238.³ To that end, the Commission should continue to apply its long-standing prudence standard requiring selection of least-cost resources in order to avoid weakening the standard.

Public Counsel also supports competitive procurement of energy storage resources through technology-neutral and detailed request for proposal (RFP) documents. In addition to the RFP recommendations included in the draft report, Public Counsel also believes in an open and fair process. As such, RFPs should not be submitted with an invitation-only approach. Seeking proposals from an artificially limited pool of energy storage providers challenges the open and fair process that the Commission seeks to encourage.

¹ Draft Report and Policy Statement on Treatment of Energy Storage Technologies in Integrated Resource Planning and Resource Acquisition ("Draft Policy Statement"), at 8.

² Draft Policy Statement, at 15.

³ *Wash. Utils. & Transp. Comm'n v. Puget Sound Energy*, Docket UE-031725, Order 12 ¶ 19 (Apr. 7, 2004).

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As indicated in the draft report, behind-the-meter energy storage presents both conservation opportunities and regulatory challenges. Without a specific rate plan or design put forth to address this issue, Public Counsel cannot fully comment on this aspect of the Draft Policy Statement. Nonetheless, new approaches to rate design for distributed, behind-the-meter resources must accurately reflect price signals to customers and cost of service. Additionally, companies should provide adequate customer education regarding such changes in order to facilitate a clear understanding of the intent and mechanics of new or novel rate structures.

Although the Commission's Draft Policy Statement does not enumerate specific energy storage technologies, one potential energy storage technology is deeper vehicle-to-grid integration. The California Public Utilities Commission (CPUC) considered the possibility of using electric vehicles as a "resource that helps...reduce grid operations costs" and "avoid or defer distribution maintenance and upgrades."⁴ Like other energy storage technologies, electric vehicles can serve as both load and generation resources when plugged into the system. Utilities can draw stored electricity from a vehicle while it is plugged in and not charging or in use. According to 2014 U.S. Department of Energy estimates, Washington has the second-highest rate of electric vehicles among all states.⁵ There were nearly 18,000 plug-in electric vehicles registered in Washington as of June 2016, and the State's goal is to have 50,000 on the road by 2020.⁶ Given the relatively high prevalence of electric vehicles in Washington, the Commission could consider a vehicle-to-grid integration pilot to explore the systemic impacts of this resource option and weigh rate designs that are fair to customers.

In closing, Public Counsel supports the goals of the Energy Storage Policy Statement with the understanding that resource acquisition should occur through a fair, open process and with respect to statutory and regulatory requirements. Public Counsel looks forward to additional opportunities to participate in the energy storage and IRP rulemaking dockets.

Sincerely,



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⁴ Adam Langton, Noel Crisostomo. *Vehicle-Grid Integration: A Vision for Zero-Emission Transportation Interconnected throughout California's Electricity System*, at 3. (Emerging Procurement Strategies Section, Energy Div., CPUC, Mar. 2014).

⁵ *Fact #876, June 8, 2015 Plug-in Electric Vehicle Penetration by State, 2014*, U.S. Dept. of Energy, Office of Energy Efficiency, <https://energy.gov/eere/vehicles/fact-876-june-8-2015-plug-electric-vehicle-penetration-state-2014> (last visited Apr. 3, 2017).

⁶ *Electric Vehicle Charging Infrastructure*, Wash. State Dept. of Transp. <https://www.wsdot.wa.gov/Funding/Partners/EVIB.htm>, (last visited Apr. 3, 2017).