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***Via Electronic Filing***

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

*Re: In the Matter of Puget Sound Energy for an Order Extending Filing and Reporting Requirements, Docket Nos. UE-240433/UG-240434  
Comments of the Alliance of Western Energy Consumers*

Dear Executive Director Killip:

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to submit written comments on Puget Sound Energy’s (“PSE” or “Company”) Petition for an Order Extending Filing and Reporting Requirements under RCW 19.405.060 and 19.280.030, an Exemption from the Requirements of WAC 480-90-238(4), 480-100-640(1) and 480-100-655(2), and Requiring Filing of an Integrated System Plan (“Petition”). PSE’s Petition seeks to relieve near-term filing requirements for its Clean Energy Implementation Plan (“CEIP”) under Washington’s Clean Energy Transformation Act (“CETA”), and its Integrated Resource Plan (“IRP”) in an effort to refocus its efforts on the Company’s Integrated System Plan (“ISP”) under Engrossed Substitute House Bill 1589 (“ESHB 1589”).<sup>1</sup> To that end, PSE filed its Petition, supported by a Planning Transition Work Plan and Clean Energy Implementation Plan Conditions and Status report.

AWEC takes no issue with PSE’s proposed extension and/or waiver for its filing and reporting requirements to facilitate a re-focus of planning efforts on the Company’s ISP due to be filed on or before January 1, 2027.<sup>2</sup> However, PSE’s Petition raises the question of what constitutes “reasonable progress” towards meeting CETA standards and achieving equity goals, as well as the risk PSE’s customers should face while the Company is in such a transition. Here,

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<sup>1</sup> [1589-S.SL.pdf \(wa.gov\)](#)

<sup>2</sup> ESHB Section 3(4).

PSE is asking the Commission to approve a workplan that would maintain its currently-approved 2025 interim CETA target for 2026 and 2027 of 63%, which would result in customers facing a “CETA premium” of up to \$100 million in 2026 and another \$140 million in 2027 for short-term acquisitions that would play no role in PSE achieving CETA’s binding target in 2030.<sup>3</sup> It is PSE’s position that this level of cost for CETA-compliant short-term market purchases represents a “reasonable” cost to ratepayers and is sufficient to demonstrate “reasonable progress” towards CETA requirements. The Company is wrong on both counts. The Commission can find that PSE is making “reasonable progress” toward CETA compliance without pre-approving short-term purchases of, at best, marginal value.

**1. THE COMMISSION DOES NOT NEED TO, AND SHOULD NOT, ESTABLISH OR OTHERWISE IMPLICITLY APPROVE INTERIM TARGETS FOR 2026 AND 2027 IN ORDER TO APPROVE PSE’S PETITION.**

ESHB 1589 allows the Commission to issue an order extending the filing and reporting requirements identified by PSE “if the commission finds that [PSE] has made public a work plan that demonstrates reasonable progress toward meeting the standards under RCW 19.405.040(1) and 19.405.050(1) and achieving equity goals.”<sup>4</sup> ESHB 1589 goes on to clarify that such a Commission order does not relieve PSE from demonstrating “reasonable progress” in meeting CETA standards and “the interim targets approved in its most recent clean energy implementation plan.”<sup>5</sup>

PSE’s currently approved CEIP applies to a compliance period ending in 2025, and as described below, has a 63% interim target that was approved on the condition that PSE balance cost impacts to its customers.<sup>6</sup> PSE does not have an approved CEIP that specifies interim targets for 2026 and 2027. As such, there are no interim targets that would apply to 2026 and 2027 based on a recently approved plan per ESHB 1589, and there is no statutory requirement that the Commission proactively establish such targets in approving PSE’s Petition in this case. Rather, the Commission must simply find that PSE’s Work Plan demonstrates “reasonable progress” towards CETA compliance. The Commission can – and should – reach this conclusion without establishing interim targets for 2026 and 2027 via PSE’s Work Plan and without pre-approval of PSE spending up to \$240 million for short-term CETA-compliant resource acquisitions.

**2. SHORT-TERM MARKET PURCHASES DO NOT SERVE TO DEMONSTRATE “REASONABLE PROGRESS” TOWARD MEETING CETA REQUIREMENTS.**

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<sup>3</sup> PSE Work Plan at 6.

<sup>4</sup> ESHB Section 3(3).

<sup>5</sup> *Id.*

<sup>6</sup> *In re Puget Sound Energy*, Docket UE-210795, Order 12 at ¶ 20; UE-210795 – March 22, 2024 Open Meeting discussing PSE’s CEIP Biennial Update beginning at 36:05, accessed at <https://wutc.app.box.com/v/OpenMeetings/file/1481530852585>; UE-240433/UG-240434 – PSE Work Plan at 5, with PSE acknowledging the Commission’s warning that “purchasing unreasonably costly energy should be considered when reviewing the Company’s compliance with the interim targets at the end of the compliance period.”

As indicated by the Washington legislature, CETA is intended to provide transformational change to Washington’s energy supply to achieve a carbon-neutral resource supply by 2030 and 100 percent carbon-free energy by 2045 while also “provid[ing] safeguards to ensure that the achievement of this policy does not impair the reliability of the electricity system *or impose unreasonable costs to customers.*”<sup>7</sup> There is no question that CETA is not intended to saddle customers with substantial costs for short-term resource acquisitions that do not in any way help ensure PSE will meet the carbon neutral requirement in 2030, let alone support achieving long-term, lasting change in Washington’s resource mix. This is confirmed by PSE, which indicates that “[t]hese short-term acquisitions, which are generally for existing renewable resources, *are not a sufficient strategy for meeting PSE’s longer-term CETA goals because they do not provide any additional clean energy on an on-going basis to PSE or the region, particularly to meet CETA requirements in 2030 and beyond.*”<sup>8</sup> While limited, short-term acquisitions may be necessary in certain circumstances, full reliance on short-term acquisitions to demonstrate “reasonable progress” for purposes of a work plan is clearly inconsistent both with CETA’s intent and PSE’s own long-term CETA compliance strategy.

Additionally, there is no indication that ESHB 1589’s option for PSE to produce a work plan in order to gain relief from certain administrative requirements was intended to come at the expense of procedural due process for interested participants. Under normal circumstances, interim targets are established after substantial analysis and public engagement, and are then subject to Commission process that allows for additional engagement prior to the Commission’s adoption of an interim target. PSE’s Work Plan seeks to remove *all* substantive analysis and process related to establishing interim targets for 2026 and 2027, which is both procedurally unsupported and serves to harm PSE’s customers.

Rather than rely on arbitrary interim targets for 2026 and 2027 as a basis to demonstrate “reasonable progress,” the Commission can and should consider more qualitative factors to determine whether ESHB 1589’s standard has been met. Specifically, the Commission should consider PSE’s continuing progress in acquiring long-term resources for CETA compliance. As noted in PSE’s Work Plan, PSE issued an all-source RFP in 2021. While RFP responders have indicated a likely delay in resource online dates to 2027 and beyond,<sup>9</sup> the Company continues to attempt to acquire resources through this process. Furthermore, PSE issued another all-source RFP for CETA-compliant resources on July 1, 2024.<sup>10</sup> PSE has demonstrated reasonable progress by continuing to pursue cost-effective CETA-compliance resources pursuant to its RFP processes. The Commission can also consider the Work Plan itself as an indication of PSE’s continued, reasonable progress toward meeting CETA requirements, while explicitly stopping short of adopting, acknowledging or otherwise signaling its intent to rely on PSE’s proposed 2026 and 2027 interim and specific targets.

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<sup>7</sup> RCW 19.405.010(2) (emphasis added).

<sup>8</sup> PSE Work Plan at 6 (emphasis added).

<sup>9</sup> PSE Work Plan at fn. 8.

<sup>10</sup> Docket No. UE-240532.

### **3. PSE’S PROPOSAL SEEKS TO SHIFT INAPPROPRIATELY THE COSTS OF COMPLIANCE RISK FROM SHAREHOLDERS TO RATEPAYERS.**

In approving the Company’s 2025 interim target, the Commission was clear that it expected PSE to exercise its judgment in ensuring that doing so would not come at an unreasonable cost to PSE’s customers, and indicated that it would consider cost impacts to customers when determining whether PSE achieved CETA compliance for the first compliance period.<sup>11</sup> The Commission’s discussion during its evaluation of PSE’s CEIP Biennial Update makes clear its intent to put the business risk on PSE to determine whether achieving its proposed 2025 interim target – a target that PSE itself initially proposed in order to “move further faster” to meet the demands of a subset of stakeholders<sup>12</sup>– could come at a reasonable cost to its customers. The Commission made clear that if costs are unreasonable for the first compliance period, the Company would appropriately face a prudence disallowance in a ratemaking proceeding.<sup>13</sup>

Without regard to the Commission’s determination about compliance risk, PSE seeks again to have the Commission insulate it from its business risk by pre-approving ratepayer impacts that would be considered “reasonable” for customers to endure for “CETA compliance” in 2026 and 2027 (even though none of the resources PSE would acquire would in fact contribute to PSE’s binding CETA requirements in 2030).<sup>14</sup> This is plainly contrary to the Commission’s direction articulated in approving, with conditions, PSE’s CEIP Biennial Update. In effect, PSE is shifting compliance risk from itself to its customers; it will willingly spend \$240 million of customer money to achieve its interim target (regardless of how sensible these expenditures are) in order to avoid the possibility of incurring any amount in penalties for failing to achieve this target, even though the Commission has already indicated its support for PSE making business decisions on how to cost-effectively meet CETA requirements. The Commission should re-affirm that PSE maintains the business risk of ensuring that it is cost-effectively meeting CETA’s requirements.

### **4. AWEC’S RECOMMENDATIONS**

In light of the above, AWEC recommends that the Commission approve PSE’s Petition, with the explicit clarification that its approval does not constitute approval of the interim targets for 2026 and 2027 included in PSE’s Work Plan. Rather, the Commission’s determination that the “reasonable progress” standard has been met should be based on other, qualitative factors that the Commission finds persuasive.

Dated this 8th day of July, 2024.

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<sup>11</sup> UE-210795 – March 22, 2024 Open Meeting discussing PSE’s CEIP Biennial Update beginning at 36:05, accessed at <https://wutc.app.box.com/v/OpenMeetings/file/1481530852585>. Commissioners’ deliberations discussing ratepayer impacts and interim targets beginning at 1:48:05.

<sup>12</sup> See e.g. UE-210795 – Exh. KKD-1T at 12:15.

<sup>13</sup> See e.g. PSE’s Work Plan at 5; Open Meeting discussing PSE’s CEIP Biennial Update beginning at 36:05, accessed at <https://wutc.app.box.com/v/OpenMeetings/file/1481530852585>. Commissioners’ deliberations discussing ratepayer impacts and interim targets beginning at 1:48:05.

<sup>14</sup> PSE Work Plan at 6-7.

Respectfully submitted,

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*/s/ Sommer J. Moser*

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