

**EXH. LCM-5  
DOCKETS UE-220066/UG-220067  
2022 PSE GENERAL RATE CASE  
WITNESS: LAUREN C. MCCLOY**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**PUGET SOUND ENERGY,**

**Respondent.**

**Docket UE-220066  
Docket UG-220067**

**FOURTH EXHIBIT (NONCONFIDENTIAL) TO THE  
PREFILED RESPONSE TESTIMONY OF**

**LAUREN C. MCCLOY**

**ON BEHALF OF NW ENERGY COALITION, FRONT AND CENTERED, AND  
SIERRA CLUB**

**JULY 28, 2022**

UE-210795

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**Re: Front and Centered Comments on Puget Sound Energy 2021 Draft Clean Energy Implementation Plan pursuant to WAC 480-100-640 (Docket UE-210795)**

Amanda Maxwell  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE, Lacey, WA 98503  
P.O. Box 47250  
Olympia, WA 98504-7250

March 2, 2022

Dear Amanda Maxwell:

Thank you for the opportunity to weigh in on the Commission's considerations on Puget Sound Energy's Final Clean Energy Implementation Plan (Docket U-210795).

Front and Centered is a climate justice coalition of organizations led by and serving communities of color in Washington. Our mission is to advocate for the interests of frontline and fenceline communities, who are first and worst impacted by climate change and other health and economic crises. An equitable application of clean energy policy is critical for a just transition from the extractive practices that currently dominate how our economy operates to a regenerative system that will support sustainability and fair opportunities, access and outcomes for all. We have been following the implementation of the Clean Energy Transformation Act (CETA) and are offering these comments on Puget Sound Energy's final (PSE) Clean Energy Implementation Plan (CEIP) in support of an equitable transition to 100% clean energy in Washington and to encourage policies and practices that center the interests of impacted communities in decision-making.

**General Comment**

PSE is proposing a transition plan that names a number of resources the company will apply towards meeting the CETA 100% clean targets. The statute sets the standard for compliant

resources as well as for compliant application – largely determined through a timeframe, cost framework, established definitions and the requirement for an equitable distribution of benefits and reduction of burdens. In order to act on an equitable distribution mandate, the company must demonstrate an established process to understand and assess benefits, burdens, risks and costs associated with transition planning. This should apply particularly for addressing disparate impacts for highly-impacted communities and vulnerable populations. The law clearly affixes a requirement to analyze and account for equity impacts in meeting the 100% clean targets, and PSE falls short of meeting this requirement in this first plan proposal.

Firstly, PSE does not draw appropriate distinctions between key group and concept components of the equity mandate. Distinguishing vulnerable populations and highly impacted communities is particularly important in helping utilities move forward in their planning for a clean and equitable energy transition. While there may often be overlap between the two groups (see, e.g., PSE CEIP p. 61 and Figure 3-5), there are important distinctions as well.

Drawing out distinctions between short-term and long-term public health and environmental benefits and costs will help PSE to both better plan for the immediate future and set longer-term goals. While Front and Centered recognizes that the CEIP is meant to be an intermediate-step focused document, the law clearly sets out a vision for long-range planning to not only meet emissions reduction goals, but to advance long-term environmental and public health outcomes that are only achievable through advanced planning. Such detailing will aid both PSE and the public in determining which intermediate steps will be most effective in achieving long-term goals.

Further, the proposed framework for evaluating the potential for different transition projects to generate benefits for an equitable distribution is unclear and lacks a reasoned basis in the analysis and application. For example, the consideration and reduction of burdens applies to all areas of analysis, and thus should be a major part of the Customer Benefit Indicator (CBI) development process. The statute calls for the reduction of burdens with consideration to highly impacted communities and vulnerable populations, as well as an analysis of the ways a utility may reduce the costs of its actions on both public health and the environment. However, both the UTC regulations and PSE's CEIP only consider reduction of burdens as a general category of CBI, rather than as an interwoven design throughout all other areas. A framework for applying equity considerations to resource and operations planning is wholly incomplete without the necessary acknowledgement and analysis of how the system has and continues to disproportionately harmed distinct populations. Understanding burdens is elemental to all equity work, and thus to a restorative justice and reparations practice inherent in the application of the equity imperative affirmed in CETA by the legislature.

Lastly, the equity analysis is incomplete because the program plans are incomplete, which makes necessary scrutiny difficult, if not impossible. With outstanding Requests for Proposals that are intended to establish the costs and program design features for the specific compliance actions the company will take, the final CEIP contains guesswork and speculation where there should be substantive action pathways and mechanisms for holding the company accountable to reaching detailed goals. PSE is in a position to define standards for how it will achieve an equitable transition, but the opportunity to apply the CBI evaluation and goals is put off.

## **I. PSE Has Provided Inadequate Information Regarding How Customer Benefit Indicators Shaped Specific Action Selections**

First, PSE has not provided adequate information on how they will select specific actions based on projected customer benefits. Without a clear and defensible methodology for assigning projected benefits to proposed actions, PSE cannot demonstrate that it is selecting actions that are likely to benefit all customers broadly and named communities in particular. Specific shortcomings include:

- The scoring/weighting for how CBIs are applied to specific actions is opaque – the 0, 1, 2 rating scale seems arbitrary, and this flawed rating scale may bias the choice of specific actions.
- PSE has adopted a one-size-fits-all approach to vulnerable populations. To ensure that individual communities are truly benefiting in ways that reduce their vulnerability, PSE needs to consider whether specific actions impact the CBIs that intersect with a given community’s vulnerabilities.
- The methodology for integrating the company’s assessment of benefits (measured via CBIs) and cost-effectiveness is not clear.
- The company is only applying CBIs to a narrow range of resource decisions. They can and should consider benefits, especially to named communities, to all resource and operational decisions, not just Distributed Energy Resources (DERs).

### **A. Scoring for CBIs is Opaque**

“Each indicator has different impacts; therefore, they are scored differently. For some indicators the lowest score represents no impact, like improved access to reliable clean energy, while for others, like greenhouse gas emissions, there could be some negative impacts. We wanted to account for those negative impacts and adapt the scoring to match the range of benefits for each customer benefit indicator, including the risk of a negative consequence.” (PSE CEIP 91)

While PSE acknowledges that certain proposed actions have the potential for deleterious effects, especially in the public health and environmental categories, the CEIP nevertheless uses a singular 0, 1, 2, rating scale to rank how a project would rate using proposed CBIs. This rating scale is flawed and misleading. It allows a negative effect (e.g., increased greenhouse gas emissions) to pass as a neutral (0) value, rather than a negative one (I.e., -1). As such, Front and Centered believes that PSE must redo its CBI-Specific Action analysis to accurately reflect projected negative effects as negative.

For instance, in Appendix D-3, PSE’s rating scale for its proposed indicators “improved air quality” and “improved community health” both utilize a 0, 1, 2 rating scale, where 0 stands for the potential to increase the annual production of air pollutants and health factors, respectively. A

score of 1 is set to be a neutral qualitative effect: no projected change. This similarly skewed rating scale is used for both environmental category-associated indicators.

While PSE notes that it attempts to standardize its rating across all proposed indicators, this thinking is flawed. For most of the other indicators, a score of 0 is linked to a projected neutral effect, a score of 1 is a positive effect, and a score of 2 is an even more positive effect. However, when a proposed action is projected to cause a negative effect, its rating should reflect that. To accurately capture that negative effect, the rating scale should reflect PSE's reluctance to follow through on such deleterious effects—in other words, PSE should be ranking such an action with a negative value.

This is an arbitrary and subjective scoring that is missing the underlying data supporting the value that was ascribed, and the DER RFP uses similar flawed scoring. Without a clear and replicable evaluation process the scoring methodology does not support a transparent and equitable review of the equity impacts of proposed actions.

### **B. Analysis of How Specific Actions Will Affect Vulnerable Populations is Lacking**

UTC's CEIP regulations require a utility to "[i]dentify vulnerable populations based on adverse socioeconomic factors and sensitivity factors developed through the advisory group process and public participation plan..." WAC 480-100-640(4)(b). PSE, as a result of its work with its Equity Advisory Group (EAG), has developed a list of characteristics that can help to identify a vulnerable population. (See Table 3-1). While Front and Centered applauds PSE for the work that it has done to develop this lengthy list of characteristics, Front and Centered does not agree with how the utility has chosen to implement this list.

Instead of acknowledging the different burdens each of these vulnerable populations face, PSE has chosen to lump the characteristics via census tract, and then further classify a population as having "high, medium, or low" levels of vulnerability. While this may be helpful in terms of visualization and siting specific projects, this is not a helpful level of analysis to ensure that PSE's proposed actions are truly achieving an equitable distribution of benefits and reduction of burdens for named communities. Each vulnerability proposed by PSE contains its own particularized burdens, yet the CEIP's discussion of how a proposed action would affect named communities only briefly acknowledges the need for in-depth analysis. PSE hints at a need for understanding how each vulnerability factor may pose a distinct burden: "[b]y knowing the factors for vulnerable populations, PSE can adjust and update our communication efforts, especially for vulnerable populations who may not be aware of the programs we offer." (PSE CEIP 65). Yet even after noting how each vulnerability may pose a distinct burden, PSE makes little effort to actually plan for these particularized challenges beyond simply acknowledging a need to provide information in multiple languages. (PSE CEIP 65).

PSE should be performing a particularized analysis for each proposed specific action to ensure that the action does not benefit one vulnerable population group while harming another, or leave a given vulnerable group without any benefits.

## **Methodology for Cost-Benefit Assessment is Unclear**

“CETA’s overall goal is to meet the targets at the lowest reasonable cost while maximizing customer benefits.” (PSE CEIP 48)

Front and Centered acknowledges that portions of CETA require utilities to be cost-effective in their transitions to clean energy. See, e.g., RCW 19.405.040(6)(a)(i). However, Front and Centered does not believe that this cost effectiveness should be understood to come at the expense of equity in customer benefits.

Instead, Front and Centered believes that CETA is clear in calling for an equitable reduction of burdens to named communities, and that drawing a conflict between maximizing customer benefits and achieving low energy costs draws a false divide. Any form of equity analysis should include an analysis of exactly who is bearing the brunt of the burden, cost-wise, of PSE’s proposed energy transition plans. In other words, a full equity analysis of burdens would necessarily include a cost analysis for those who are already the most affected by energy costs. In transitioning to a cleaner energy grid, PSE must ensure that greater expenses do not fall on those who cannot afford them.

As such, PSE must demonstrate with more clarity the data that it used when analyzing the costs of proposed projects and their actual projected results as a benefit for named communities. The underlying data that PSE relied upon in scoring proposed DER project types, based on objective, rather than subjective, scoring criteria would shed crucial light on how the company applied the CBIs as an evaluation tool and will continue to set targets and measure progress towards an equitable distribution of benefits in program implementation.

## **CBIs Should be Applied Beyond DER Proposals**

PSE has not included sufficient information regarding the qualitative application of CBIs to non-DER projects. As noted above, while PSE has demonstrated some level of analysis regarding the application of CBIs to DER proposals, even that application is lacking. PSE must demonstrate an application of each CBI to each action proposed in its CEIP, per WAC 480-100-640(5)(c). PSE’s CEIP should be considered to be in non-compliance with the rules until PSE submits a CEIP with much clearer analysis.

## **II. The CEIP Lacks Adequate Information to Hold PSE Accountable to Its Proposed Plan**

Second, PSE has not provided adequate information on how they will track and measure who is benefitting and in which ways they are benefitting from the specific actions proposed in the CEIP. Without clear and coherent ways to measure the change in distribution and magnitude of benefits, the CEIP cannot show that all customers, and named communities in particular, are benefitting from the transition to clean energy. Specific shortcomings include:

- The company has not provided baseline data for many communities, including named communities, for many CBIs. It is difficult or impossible to understand whether specific communities are benefiting and how much without knowing where they are now.
- The company has not provided specific targets or other accountability metrics to measure improvement over the CEIP implementation period.

#### **A. Baseline Data is Lacking**

“Customer benefits are iterative and will evolve. PSE is still developing baseline data for several customer benefit indicators for this CEIP so we can measure change over time.” (PSE CEIP 5).

PSE recognizes its own shortcomings in this case. For at least a few of the proposed CBIs, PSE has stated that it is determining from where it can reliably source its data. Nevertheless, this does not excuse the general lack of baseline data and PSE’s decision to locate most of the discussion of this baseline data in an appendix to the CEIP, rather than in the body of the document. WAC 480-100-640 (6)(b) requires further analysis and planning development than PSE has demonstrated in setting up concepts with an incomplete basis for designing pathways for demonstrating strong performance.

#### **B. PSE Has Not Proposed Any Accountability Metrics**

Perhaps more telling than PSE’s weak baseline data is PSE’s refusal to set any sort of accountability metrics. PSE could, and should, announce targets for itself based on the baseline data that it has already collected. Instead, PSE promises in its CEIP that it will forecast how CBIs are set to be impacted by specific actions, but only after PSE has determined which contractors it will work with.

A CEIP is meant to be a document “describ[ing] the utility’s plan for making progress toward meeting the clean energy transformation standards, and is informed by the utility’s clean energy action plan.” WAC 480-100-640(1). As part of the document, the utility must include “[a]n assessment of current benefits and burdens on customers, by location and population, and the projected impact of specific actions on the distribution of customer benefits and burdens during the implementation period.” WAC 480-100-640(6)(b)(i).

PSE notes that part of its CEIP planning process requires individual contractors responding to PSE’s RFPs to provide CBI analysis of their own projects. However, it is not the contractors that CETA holds accountable for meeting equity standards—it is the utility. PSE must set targeted goals for itself, and should announce them in their CEIP, so that stakeholders and the UTC can understand how exactly PSE is committing to incorporate equity considerations into its action plans. PSE’s current plan does not include enough information in order to assess whether or not

PSE's actions will actually lead to any meaningful kind of progress on their proposed CBIs, or whether any suggestion of progress is merely theoretical.

In Table 3-7, PSE demonstrates that it is capable of, and even further, that it plans to partake in such forecasting. PSE even introduces the table by noting “[t]o forecast benefits in the future and address disparities, PSE will use the ... [baseline] ... data to project and measure the project and measure the impact of future resource decisions on customers, especially highly impacted communities and vulnerable populations.” (PSE CEIP 70). Yet, at no point in the CEIP does PSE engage in the kind of analysis it claims it will. If PSE has the baseline data, and if it has a general gist of the kinds of projects it proposes to engage in (i.e., the project types called for in the All-Source and DER RFPs), then PSE should be able to estimate a generalized forecast for each proposed CBI, and a clear indication of which specific actions it believes affect that forecast.

### **Specifics:**

1. Improved participation in clean energy programs from highly impacted communities and vulnerable populations

PSE notes that it will “forecast the number of customers for a specific distributed solar program and include a percentage of participating customers within highly impacted communities or vulnerable populations. This information will be based on program design and size.” PSE CEIP 74. However, does PSE not already have a sense of what kind of scale it is looking for in a proposal? A forecast, even per the UTC rules, does not require an exact measurement of how PSE's proposed specific actions will affect CBI baseline numbers, but rather simply, an assessment of how the proposed specific actions will affect customer benefits and burdens.

2. Increase in quality and quantity of clean energy jobs

For jobs created, quality analysis, include an analysis of kind of job. PSE provides a range for making progress on this metric which is incomplete because it fails to offer a target for hiring across the board, hiring practices and a commitment to reflecting community in all levels of company and contractor workforce and leadership.

3. Improved home comfort

PSE notes that it already has baseline data available to it regarding this indicator, and then states that it “[i]n the future, PSE will forecast the amount of benefit for customers participating in energy efficiency programs.” PSE CEIP 78. However, if PSE already has an idea of the baseline figures (which it states with certainty) and has a general idea of what types of projects exist for energy efficiency purposes, then it stands to reason that PSE should have at least an ability to forecast a ballpark figure for what kind of impact it expects from potential project proposals.

PSE must at least put forth goals that it is “likely to meet” to establish pathways for progress and performance on advancing equity objectives. With baseline data for CO2 emissions and social cost of carbon, and pollution emissions/air quality, forecasting potential reduction should follow. PSE states an intention to conduct further analyses for these categories, and for community



health, but it is entirely unclear why that has not happened - at least to a point of a generalized assessment of conditions and what kinds of results the company would like to contribute towards.

### **PSE's Selected CBIs are Inadequate**

PSE has not selected an adequate set of CBIs. The company should refine many of their CBIs and add others to provide a more complete assessment of the benefits of various proposed actions. Without a more complete set of CBIs, PSE cannot adequately show that its planned actions will benefit all customers and named communities in particular, across all of the categories of benefits that CETA requires. Specific shortcomings include:

- For many specific CBIs, the company should further refine the CBI metrics so that they are measuring benefits more accurately
- For many specific CBIs, the company should include additional data on baseline conditions and specific projected improvements

As discussed above, the opportunity to expand on the CBI framework, application methodology, and data is being missed. Going back to the statute makes it clear that the elements of an equity assessment for transition programs support a wide range and scope of potential measures. The UTC requires each utility in its CEIP include at least one CBI per eight (8) different category areas: (1) energy benefits, (2) nonenergy benefits, (3) reduction of burdens, (4) public health, (5) environment, (6) reduction in cost, (7) energy security, and (8) resiliency. WAC 480-100-640(4).

The above-stated requirements from the UTC are base guidelines—they set a floor, but not a ceiling. Instead, the language of the rules explicitly leaves open the possibility of more than eight CBI areas. Front and Centered would thus urge PSE to take guidance from the statutory elements contained in RCW 19.405.040(8), rather than simply complying with WAC 480-100-640(8). The statutory categories should draw out a detailed analysis from utilities when considering the impact of proposed plans. Namely, the statutory elements (1) distinguish between vulnerable populations and highly impacted communities and (2) require both short-term and long-term analysis of public health and environmental benefits, costs and risks.

As part of this equity mandate, the Legislature directed utilities to consider at least sixteen (16) different areas of public interest around which the utilities should shape their proposed transitions. The statutory elements are as follows:

- i. Equitable distribution of energy benefits to vulnerable populations;
- ii. Equitable distribution of energy benefits to highly impacted communities;
- iii. Equitable distribution of non-energy benefits to vulnerable populations;
- iv. Equitable distribution of non-energy benefits to highly impacted communities;
- v. Equitable reduction of burdens to vulnerable populations;
- vi. Equitable reduction of burdens to highly impacted communities;

- vii. Long-term public health benefits;
- viii. Short-term public health benefits;
- ix. Long-term reduction of costs and risks associated with public health;
- x. Short-term reduction of costs and risks associated with public health;
- xi. Long-term environmental benefits;
- xii. Short-term environmental benefits;
- xiii. Long-term reduction of costs and risks associated with environment;
- xiv. Short-term reduction of costs and risks associated with environment;
- xv. Energy security; and
- xvi. Energy resiliency

RCW 19.405.040(8).

### **III. Recommendation for the Commission**

PSE's CEIP is a sketch of a plan that projects the idea of beneficial outcomes without providing the analytical and evidentiary foundations to support it. With its shortcomings the CEIP as it stands does not meet the minimum requirements of CETA and its implementing regulations, RCW 19.405.040(8) and WAC 480-100-640(4),(5). Accordingly, Front and Centered recommends that if the Commission acts on the CEIP now, it must reject the plan.

Additionally, Front and Centered requests that the Commission initiate an adjudication on PSE's CEIP. WAC 480-100-645(2). There are many critical issues presented in the CEIP that the rules simply do not address – such as what types of weighting methodologies are appropriate for CBIs and what showing utilities must make to justify their choice of weighting methodology. Additional input from parties through an adjudication, along with discovery to shed further light on PSE's decisions that are not clearly explained in the CEIP, would allow the Commission to offer more detailed guidance in its final order on PSE's CEIP. While the shortcomings in this CEIP may ultimately necessitate rejection even following an adjudication, an order with more specificity following an adjudication will provide PSE and other utilities with clearer direction to revise this CEIP and prepare future plans.

Front and Centered is grateful for the opportunity to comment on this matter and will remain engaged in supporting the Commission and energy service providers to advance the transition to a cleaner and more equitable energy system in Washington. Please contact us if you have any questions or would like to discuss any of our comments.

Sincerely,



Mariel Fernandez Thuraisingham  
Clean Energy Policy Lead  
Front and Centered