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July 20, 2018

SENT VIA UTC WEB PORTAL

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
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Re: Puget Sound Energy Schedule 139 Tariff Revision,
Docket UE-180544

Dear Mr. Johnson:

Public Counsel respectfully submits comments in response to Puget Sound Energy’s (PSE or Company) filing to update Schedule 139 (Green Direct Program) in Docket UE-180544. Schedule 139 was added to the Company’s large customer offerings in Docket UE-160977. At the time of the initial filing, Public Counsel participated in conversations with the Company and other stakeholders. Public Counsel supported the creation of the Green Direct Program, but maintained concerns about cost tracking and cross-class subsidization. Although the Commission did not order additional record keeping beyond statutory requirements, the Company committed to tracking all costs related to Schedule 139. This allows for review in Power Cost Only Rate Cases or general rate cases. Public Counsel appreciates the opportunity to comment on the revisions to Schedule 139 and the Company’s transparency throughout this process.

1. Adding Additional Renewable Capacity

Public Counsel’s Recommendation

Public Counsel recommends approving the Company’s updates to Schedule 139. The popularity of the initial offering and additional demand accomplishes important environmental goals and increases options for large customers, while shielding residential customers from rate increases.

In order to reach the limit of 75 average megawatts (aMW) of renewable energy, as set in the original tariff, the Company submitted a request for proposal (RFP) for approximately 32 aMW of additional renewable power capacity. This will allow the Company to offer additional subscriptions through another “Open Season” enrollment period. PSE is allowing existing Schedule 139 customers to have priority enrollment to select resource options, to which Public Counsel does not object. As a result of the latest power acquisitions coming in at a lower per



ATTORNEY GENERAL OF WASHINGTON

To: Mark L. Johnson
Re: Puget Sound Energy Schedule 139 Tariff Revision, Docket UE-180544
Date: July 20, 2018
Page 2 of 3,

megawatt-hour (MWh) cost than the original Open Season offerings, the Company has also proposed blended rates over the course of various long-term subscriptions. The blended rates are lower than the initial rates. Therefore, it will cost existing customers less and potentially entice more customers to use renewable energy at this lower cost. Above all, this program allows for interested customers to opt into a power mix that meets their needs and renewable energy objectives. At the same time, as designed, this program will not result in adverse effects to residential or smaller customers who are not enrolled in Green Direct.

Additionally, the Company anticipates that the additional enrollment capacity will be promptly filled. Not only does this indicate that eligible customers are interested in this offering, but it also signals that the Company is unlikely – according to their estimation – to deal with issues associated with under-subscription. Since this program is supported through long-term purchased power agreements (PPA), the Company is responsible for covering the cost of the power acquisitions regardless of program subscription rates. If the program is indeed fully subscribed, the Company will not have to determine how to make up the cost difference between the Green Direct acquisitions and market rate power (which might have lower cost) that they would have acquired to serve their load in the absence of the program.

2. Tracking Green Direct Costs

Public Counsel's Recommendation

Public Counsel supports tracking costs related to Schedule 139 power acquisition to avoid cross-class subsidization and commits to monitoring the issue as will arise in a future power cost filing or rate case.

In the original Schedule 139 filing, Public Counsel advocated for additional record keeping to ensure that the costs associated with renewable power would not be passed on to customers who did not opt into Green Direct.¹ The Commission found that the existing statutory requirements to track costs and protect non-subscribers from potential costs associated with voluntary renewable acquisitions were sufficient.² Since then, the Company has maintained transparency and has reiterated their commitment to establishing all of the necessary accounting mechanisms to track Schedule 139 costs.

Renewable energy production from the first Green Direct PPAs will come online in 2019, so the Company indicated that it will establish the accounting mechanism in anticipation of the relevant renewable assets joining the system. Public Counsel commits to assessing Schedule 139 costs as they are tracked and considered in any forthcoming Power Cost Only Rate Cases or general rate cases. As the Commission stated in its initial order, Public Counsel expects that the Company will properly track its power costs and prevent any cross-class subsidization³ by residential and small customers.

¹ *In RE Tariff Revisions Filed by PSE Offering Voluntary Long Term Renewable Energy*, Docket UE-160977, Order 01: Order Approving Tariff Filing ¶ 5 (Sept. 28, 2016).

² *Id.* ¶ 10.

³ *Id.*

ATTORNEY GENERAL OF WASHINGTON

To: Mark L. Johnson
Re: Puget Sound Energy Schedule 139 Tariff Revision, Docket UE-180544
Date: July 20, 2018
Page 3 of 3

If you have any questions about this filing, please contact Corey Dahl at (206) 464-6380 or via email at CoreyD@atg.wa.gov. Alternatively, you may contact me at (206) 464-6595 or via email at Lisa.Gafken@atg.wa.gov.

Sincerely,



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