

Comments by James Adcock on Integrated Resource Planning rulemaking UE-191023

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I am a member of what Puget now calls "TAG" but previously called the "IRP" process. I have been so for about the last 10 years. I am an electrical engineer, graduate of MIT, with a background in statistical modeling, and over ten years focus on climate change and policy in the Pacific Northwest.

For simplicity of discourse in what follows, I will use the terminologies “prudence”, “following the [CETA] law”, and “good faith efforts”, etc., interchangeably. I assume that a utility which is acting in a prudent manner will act in good faith to follow CETA, and that UTC intends to act in a faithful manner to implement CETA such that a utility cannot simply ignore, or partially ignore CETA, and then after-the-fact make excuses for those acts – and “claim forgiveness” using the “2% off-ramp.” They should not be allowed to do so, since CETA requires that “prior” efforts “maximize” acquisition of non-emitting resources before claiming the 2% off-ramp. But what is the “prior” period implied by CETA? It is the entire period 2019 until 2030 during which utilities should be making “good faith” efforts to acquire the non-emitting resources necessary to meet the 2030 to 2045+ “measured compliance” time periods. How much should utilities have to spend (at most) to “maximize” acquisition of non-emitting resources? Well, after 2030 the “2% off-ramp” implies that the legislature considered a 2% (compounding) rate increase per year a maximum “achievable” amount of spending – if that amount of increases are necessary. Which implies that a 2% (compounding) rate increase per year (at most) should be attainable in the years 2019 to 2030 also. So utilities in the 2019 to 2030 time period should have the rate increase resources necessary to faithfully acquire the non-emitting resources necessary to meet the 2030+ requirements.

My great concern is the time period 2019 to 2030 and that some utilities might use this time period to “engage in ploys” rather than actually faithfully working to meet the 2030 requirements of CETA. “Ploys” could include submitting analyses to UTC that do not represent a faithful representation of the realities of the utility’s resource needs, for example by engaging in “window dressing” – acquiring less non-emitting resources than they will need to actually meet 2030 requirements. And then by assuming that UTC cannot see through these false analyses – even when IRP participants complain that the analyses are being falsified, and that participants are being frozen out of the process. [If the analyses *were* in fact being done correctly, then why would the utility be trying to “freeze out” IRP participants???] And/or a utility could “engage in politics” or “endless litigation” as attempted substitutes to faithfully working towards 2030 requirements. It is important to ratepayers that now we have CETA that utilities actually be required to meet CETA. For at least the last ten years commissioners have been telling us “Bring us a law – just bring us a law that we can enforce.” CETA is that law. Now please actually enforce it!

As an aside #1, I think there is at least one issue which has not been clarified, namely to what extent are WA utilities allowed to generate NG electricity in WA for export outside of WA, and to what extent, if any, are those emissions counted against the utility's emissions totals under CETA? A simple example of this issue is the "Californian Energy Imbalance" market. A simple "solution" in this case, might be to require utility's involvement in an energy imbalance market to be "energy neutral" over the course of a year – meaning that imports and exports to that market must be equal. And in that case the utility's NG emissions related to that market ARE simply marked to their CETA account – under the assumption that the carbon intensity of that market's WA import and exports are about the same. But, if a utility were to consistently export more NG generated electricity that it imports – is that allowed? Do the associated emissions then count towards that utilities CETA emissions? From my reading of the law, the answer to these questions "is not obvious" [to me at least.]

Aside #2: To what extent are utilities allowed to "backslide" during the time period prior to 2030, or thereafter? For a hypothetical example what if Clean Utility currently at 100% non-emitting implements a contract "10-year ramp swap" or even a "20 double-ramp swap" with Dirty Utility which is currently at 100% NG emitting [in terms of equivalent CO2 emissions.] These contract Clean/Dirty swaps have the practical effect of helping Dirty Utility meet their CETA requirements (on paper) while Clean Utility "back slides" – their (on paper) emissions increase for a 10-year, or even 20-year time period? Is this allowed or not?

Aside #3: Wink-wink Nod-nod contracts: At a recent Commerce workshop utilities were openly discussion how they are implementing an on-going series of "Wink-wink Nod-nod contracts" – an infinite on-going stream of "short-term" "monthly" contracts from "Unspecified Sources" – where both the WA utility purchases and the seller know full-well that the contracts are actually for Coal Power – but they pretend not to know. And then under proposed Commerce rules this (in practice) Coal Power can be combined with a REC and then considered to be a "Non-emitting!" Is this really allowed??? At the very least, in a state where coal is no longer supposed to be allowed, it should require TWO RECS not ONE to be bound to each (in practice) Coal [Wink-wink Nod-nod] "Unspecified" Power to make that power be considered "Non-emitting!" What does it take to ACTUALLY get Coal out of our power mix, in the face of on-going utility intransigence??? Will UTC and Commerce actually allow utilities this "End Run" around the clearly stated intent of the law?

"CETA stresses the need to maintain system reliability and resource adequacy." The problem here is that utilities are going to claim that they need new NG generation to maintain system reliability – even when running all that new NG generation would mean that they cannot reasonably be expected to meet CETA requirements. And that utilities will want to build the NG generation prior to building new non-emitting resources. I think it is important that commissioners realize that such actions are "engaging in ploys" and NOT acting in good faith to meet CETA requirements. Once they build out the NG, then they will simply howl to the legislature that ratepayers are being "required to pay twice" now that they also have to build non-emitting resources. Don't let them get away with this! Non-emitting resources need to be built at the same time as, or prior to, new NG generation. And please DO NOT allow utilities to retire NG combined cycle while at the same time claiming that they need new NG peakers. This is just "portfolio churning" – this really IS making ratepayers "pay twice" "for the same thing." Because the combined cycle, even if relatively old and inefficient, can still be held in reserve, and then run under extreme circumstances such as the hypothetical "once in 20 years cold snap" or even more importantly in the possible case of a "once in 20 years extended winter drought." The entirety of the "system reliability and resource adequacy" DOES NOT need to be met with sparkling new NG peakers! Old generation held in reserve can still be used to meet rare peak requirements. If you have an extreme cold snap, or extended winter drought, you know these things are happening, and you can fire up old combined cycle plants to help meet that need.

Only a couple peaker units *actually* “run at the margin.” And we have a huge amount of hydro which can be quickly ramped to make up for any Combined Cycle lack of short terms flexibility. In fact, during an extended winter drought Combined Cycle could be run “24/7” on a emergency basis, storing the difference in short-terms need as hydro impoundment – to be released as short-terms needs dictate.

Your CEIP question #1: Yes utilities must include detailed information about the resource mix it plans to use. There are three groups of people who engage in these issues, as you certainly know: There are the utilities, there are active members of the public – environmentalists, humanitarians, etc. And there is UTC which I hope intends to ensure faithful execution of the law. But, the public at large must have the right to examine utility plans “for sanity” and to complain if what the utility is proposing “simply does not make any sense.” And UTC must have the technical competence to vet utility plans to see if what is being proposed will actually work (and be lowest cost) or if what the utility is proposing is simply nonsense – actions taken by the utility to actually try to scupper CETA, such as simply building new NG, rather than non-emitting.

CEIP question #2: a) Targets need to be specified and met annually. If the first CEIP submission isn’t until 2022, and if the targets were examined only every four years, that would mean the first real examination of utility actions doesn’t happen until 2026 – leaving only one four-year period for UTC to take “corrective action” against the utility! And by then it will be “Too Late!”

b) I suggest that one possibility is that utility targets can be re-expressed (for interim progress target purposes) in terms of CO2 emissions. For example, a utility which is currently 1/3 coal, 1/3 NG, and 1/3 non-emitting has a hypothetical footprint about the same size of a utility that is 0% coal, 0% non-emitting, and 100% NG. So those emissions can be considered (in the post-coal time period) as requiring 80% “NG” reduction by 2030, meaning by 2030 80% of that utility’s emissions have been reduced. Or, over the current 10 year time period that utility should have an 8% per year CO2 emissions reduction. I suggest that a utilities interim performance be compared on a yearly basis using their actual CO2 emissions, comparing that to this 8% a year linear down-ramp, to see if the utility is actually “on target or not.”

c) interim targets should be defined both cumulatively AND annually. If the cumulative performance of a utility is constantly falling behind, that represents a lack of good faith, it represents “foot dragging,” and UTC should be taking corrective actions to get that utility “back on track.”

CEIP question #3: The time frame involved is extremely short, in practice. If UTC “recommends”, and then if utilities in practice ignore or fudges their response to UTC [as we have seen over and over again in the case of utility responses to UTC “recommends” arising out of IRPs] , then CETA will not in practice be faithfully executed – in practice UTC will have allowed utilities to ignore the law. In order to meet 2030 requirements UTC must in practice “require” not “recommend.”

CEIP question #5 c) i. It should be both a glide-path to 2030 and to 2045. A utility’s plan only works if they can meet BOTH of these requirements. How would it make sense to for a utility to build a ton of new NG peaker now, in *claimed* support of 2030 requirements, only to have to “prematurely retire” those plants in order to meet 2045 requirements – that really would be making ratepayers “pay twice” “for the same thing!” Utilities must, for example, take a close look at whether it would make more sense to

build more battery storage, or pumped hydro plants in order to meet eventual 2045 requirements, as opposed to build a ton of NG peaker “Band-Aid Plants” which they *claim* will help them meet 2030 requirements – but which will NOT help them meet 2045 requirements!

CEIP question #6) The CEIP should include deadlines, not time frames, so that all parties can be clear when goals ARE NOT being met. “Time ranges” have a tendency to become viewed as “Guidelines to be Ignored” – where the job never gets done within the time range – in fact you will be lucky if the job even gets started with the time range!

CEIP question #7-8) Commissioners need to understand and address the fact that at least the Puget IRP process has become horribly horribly broken, and that the utility is not even remotely attempting to engage the public in a fair and open IRP process. Rather, it has now degenerated to a situation where *literally* 100% of the public’s time and effort is being completely wasted by the utility! This last IRP cycle the utility *literally* threw away 100% of the public time and effort! Commissioners need to understand that when a utility actively opposes cleaning up their act, and when the public through the IRP process complains loudly and clearly and repeatedly that the utility is doing something wrong, then the public is not wrong to do so, in fact the public is doing everything right, and is acting exactly how the public is supposed to act during the IRP process. And on the contrary, when the utility acts increasingly hostilely in order to “shut down” the IRP public participation, the utility is wrong to do so, and is doing so to defeat the intent of the IRP process – which is exactly to do this: to shine a bright spotlight on a utility which insists, continuously, to work against the public interest, by continuing to insist on heading “down the wrong path” NOT trying to make their generations “as clean as possible” and NOT trying to make their generation “lowest cost” but rather are trying to simultaneously make their generation BOTH as expensive as possible while being as dirty as possible! Any new NG plant built now is “money flushed down the toilet” because sooner rather than later that NG plant is going to have to be replaced!

Commissioners need to understand the powerful distortive motivation utilities have to “Double Dip” – by earning revenue twice when they build NG Plants – one set of revenue from the NG side, and then a second set of revenue from the Electrical side of their business.

We need UTC and Commissioner active help to change the current horribly broken IRP process! The public HAS A RIGHT to express opinions different from what a utility – or maybe even the UTC – wants to hear! We can express these difference of opinions only if in practice utilities actually tell us what they are doing. Only if in practice they actually tells us EXACTLY how they are modeling. And ONLY if they give the public the same amount of opportunity to talk and discuss as the utility wants itself to talk and “Give Presentations.” THE IRP PROCESS IS NOT ABOUT “Giving Presentations!” It is about real and meaningful discussions about disagreements between the utilities and the public. It is not about a constant steam of utility ploys to PREVENT public participation, including canceling meetings at the last moment, changing venues at the last moment, “oops our AV and telephone system aren’t working today” [and they haven’t worked for the last 10 meeting either!]

While Puget IRP meetings have been pretty screwed up for the last 10 years, this last cycle has been truly beyond the call, where nothing meaningful in terms of information shared, or conversations shared have occurred. It has become instead “100% utility ploys!” Please Help Us!

CEIP question #9) I think submitting a draft CEIP for public input would be an important thing to do, in order that the public can point out potential problems with that CEIP – both for the sake of the utility and the UTC – *before* some horrible “design mistake” on the part of the utility gets “imbedded in concrete” – and then the utility says “Oh, but we can’t change now [even though it’s a mistake] because now our plans are set in concrete!” Please don’t make the assumption that utilities don’t make mistakes, examining utility news across the nation exposes that horrible mistakes happen all the time – even if perhaps “we are too close to the problem” to recognize them when they are happening in Washington State!

CEIP question 10) Yes UTC needs to describe the level and frequency of reporting compliance with RCW 19.405.030, 040, and 050. I suggest that this be every year, given the extremely short 10-year time period for much of this to happen. UTC needs to be able to take swift action to bring a utility back into alignment, if they are failing to actually take appropriate action to meet their CETA requirements.

CEIP question #12) Again, I think my concern in this area is the “Wink-Wink Nod-Nod” Contracts. I don’t think I understand why recorded TAGs can’t be required of almost-everything, subject to auditing and third-party discovery?

CEIP question #13) d) Given the extremely short time periods involved, I think plans should be required to be updated, or reconfirmed, yearly.

e) filings should be formal. Informal filings are simply an opportunity of miss-behavior.

CEIP question #16) Commission should make it clear to utilities that only TRULY unforeseeable circumstances will qualify. That utilities MUST first demonstrate that they effectively used the ENTIRETY of the decade 2020-2030 to faithfully and aggressively implement new non-emitting resources, and did not engage in ANY “foot-dragging” getting starting building non-emitting during this decade. And that “once-in-20 years low water years”, or “once-in-20 years cold snaps” DO NOT represent “unforeseeable” circumstances, but that a “once-in-20+ years” extended winter drought might qualify as a circumstance. And that a “failure in utility modeling” DOES NOT qualify as an excuse.

CEIP question #22) Commission should require standardization of “weather adjustment” – and “weather normalizations” in general – to reduce the extensive amount of utility “game playing” in this area. What do “we” mean by “weather adjustment”? We mean that “weather” – those temperatures – which actually happen on a particular day of a particular year compared to the “climate” expected for that particular day – where the “climate” is the historical average temperatures expected for that day of the year. But climate being the historical average of what span of years – given that temperatures are changing due to climate change? I think the answer here is very simple, and has been given by NOAA Weather Service – the nation’s weather service, namely “Climate” is the average over The Most Recent 10 Year Period for a particular day of the year, and that this is commonly expressed as Tmin and Tmax – the coldest morning temperature of the day, and then warmest afternoon temperature of the day, with an assumed sinusoidal variation by minute or hour between those two extremes. Please standardize on using these NOAA

definitions so that we can start to move away from utility game-playing in regards to what they call “weather” – but which is actually “climate.”

b) Please DO NOT allow each utility to “do its own thing” because that just allows the bad players in the market to profit at the expense of the well-behaved utilities.

CEIP question #23) This requirement IS NOT as you have stated, but rather is conditioned upon the following extremely important phrase:

“...it must demonstrate that it has maximized investments in renewable resources and nonemitting electric generation **prior** to using alternative compliance options...”

“Prior” means at any time-before, and the “time before” in this case is the entirety of the 2020-2030 time period. Utilities then MUST use the *entirety* of the 2020-2030 time period actively building new renewables and non-emitting at the 2% a year (compounding) rate prior to being allowed the 2% “off-ramp” during the measured compliance period. You must not allow utilities to “foot drag” during the 2020-2030 time frame – and then “escape” the consequences of their own inaction or ineffective actions by THEN using the “2% off-ramp!”

CEIP question #24) I think you need to make it clear that building “general purpose” transmission lines that the utilities represents as being “good to have” towards meeting CETA requirements do not qualify, but, for example, a 10-mile stub line connecting a wind farm to existing regional transmission would qualify. And that UTC should make it clear that building new emitting resources, such as new NG peakers, even if the utility claims that they were required because of CETA, ARE NOT “directly attributed and necessary.”

CEIP question #25) If a utility wants in the future to claim the “2% off-ramp” then UTC should require them to submit, starting NOW, yearly reports showing that they have been maximizing acquisition of non-emitting, starting NOW, up to the 2% limit (compounding) starting NOW. If a utility shows based on this yearly reporting, that they really have been acquiring all possible non-emitting – “from day one, no foot-dragging” starting NOW, up to the 2% limit, then if and when the time comes when the utility want to claim the 2% off-ramp – during a measured compliance period – then the UTC will already have before it the record that shows whether or not the utility has or has not faithfully used every opportunity to acquire non-emitting before now requesting the (compliance period) 2% off-ramp. Then UTC will know, either they did, or they didn’t, and there is no further need to litigate this issue.

Thank you for your consideration,

James L Adcock, Electrical Engineer.