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COMMISSION

December 30, 2022

Amanda Maxwell  
Executive Director and Secretary  
Washington Utilities and Transportation Commission  
P.O. Box 47250  
Olympia, WA 98504-7250

**Re: Commission proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking (Phase 1 – Performance Metrics),  
Docket U-210590**

Dear Secretary Maxwell:

Renewable Northwest appreciates the opportunity to submit comments in response to the Washington Utilities and Transportation Commission’s (“Commission”) November 30, 2022 Notice of Opportunity to File Written Comment regarding alternatives to traditional cost of service ratemaking in Docket U-210590 (“Notice”). The Notice requests feedback on the accuracy of Commission Staff’s (“Staff”) proposed edits based on input provided during the November 7, 2022 workshop (“Workshop”). Unfortunately, Renewable Northwest was unable to participate in the workshop. Therefore, rather than discussing the accuracy of Staff’s proposed edits, we offer these comments with the hope that they might provide additional guidance for the first set of performance metrics reflected in Staff’s policy statement. We understand that our input may be too late to be incorporated at this stage of the process.

The following comments reflect the input Renewable Northwest offered regarding our priority regulatory goals and desired outcomes in response to the May 2, 2022 Notice of Opportunity to File Written Comment. In our comments, dated June 13, 2022, we advocated for the overarching goal of reducing greenhouse gas (GHG) emissions in a manner that is both (1) cost-effective and (2) promotes energy democracy. Outcomes for cost-effective reductions included using load management and demand response to reduce utility peaks, adopting Grid Enhancing Technologies (GETs) to integrate clean energy on the transmission grid, and increasing transmission capacity by targeted reconductoring of lines. Outcomes for energy democracy in GHG reductions included supporting the availability of distributed renewables, storage, and efficiency measures to all customers, and promoting the adoption of Non-Wires Solutions (NWS) for distribution system needs. In our comments below we focus on the specific metrics that align with these priority goals and desired outcomes that we feel would be refined by additional revision.

## **Comments**

As a general note, a number of metrics include feedback that definitions are needed in order to clarify the metric. We agree with the suggestion from the Workshop summary that standard definitions should be used if they already exist. Furthermore, we recommend that the remaining definitions be based on the consensus of stakeholders, utilities, and Staff to the maximum extent practicable. Finally, including a glossary of all terms that are industry “jargon” in the policy brief will be beneficial for making the metrics easier to understand, and thus more accessible, for the general public.

### **Goal 2: Customer Affordability**

#### **Metric 14: Net Benefits of DERs and GETs**

The inclusion of GETs in this metric incorporates our priority of integrating clean energy on the transmission system. We suggest splitting it into two metrics -- one for DERs and one for GETs -- since DERs and GETs address different subsystems of the grid. In particular, a separate metric for GETs is warranted because the addition of transmission system capacity is crucial to decarbonizing the electrical grid<sup>1</sup>. GETs are broadly recognized as a cost-effective solution with a short payback time and should help to maximize utilization of existing infrastructure<sup>2</sup>. Including a separate metric that incentivizes utilities to use GETs rather than building new infrastructure should help achieve the goal of customer affordability.

#### **Metric 15: DER Utilization**

We support the proposed revised language for this metric. It is clear and concise, which will help the general public understand the metric as long as capacity and energy have been defined in an accessible manner as suggested above in our general comment. The revised metric, however, does not specify if this calculation will be done for each DER program separately or for all DER programs in aggregate. We would like to see additional language that clarifies this ambiguity.

### **Goal 3: Advancing Equity in Utility Operations**

Metrics 24, 25, and 26 all address our goal of ensuring energy democracy through availability of distributed renewables, storage, smart devices, and efficiency measures.

#### **Metric 24: Percentage of Non-Pipeline/Wires Spending**

The suggestion to track the number of deferred wired/pipe solutions instead of the dollars invested for Metric 24 is aligned with the design principle of tracking outputs rather than inputs, and we support that change.

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<sup>1</sup> Reed, M. [LPO Tech Talk: Transmission](#) (Feb 8, 2022).

<sup>2</sup> Tsuchida, T.B., Ross, S. and A. Bigelow, [Unlocking the Queue with Grid-Enhancing Technologies: Case Study of The Southwest Power Pool, Final Report –Public Version](#), (Feb 1, 2021), p. 57.

### Metric 25: Equity in DER Enrollment.

We also support the edits in Metric 25 to track enrolled customers vs. eligible customers and agree it will provide valuable context.

### Metric 26: Equity in DER Spending

Finally, similar to Metric 24, tracking utility spending for Metric 26 is measuring an input rather than an output. However, we note that participants did not flag this as a concern during the Workshop, and thus we support it as written if a consensus was already reached. A potential outcome-based metric could track capacity and energy achieved per dollar spent on distributed energy resources that benefit Named and Not-named Communities; since Metric 15 already calculates the capacity and energy from DERs, it could be used as an input for Metric 26.

## **Goal 4: Environmental Improvements**

Metrics 29, 30, 31, and 32 all support our goal of achieving cost-effective reduction of GHG emissions using load management and demand response. Additionally, metrics 31 and 32 could support our goal of increasing capacity to integrate clean energy through adoption of GETs and targeted reconductoring of transmission lines.

Since there are other drivers of decarbonization, both under Washington law and by customer demand, metrics 30-32 should provide incentives only for additional or accelerated reductions above and beyond mandated or already-contracted reductions. If Performance Incentive Mechanisms (PIMs) are added for these metrics, applying them only to those incremental reductions exceeding existing requirements or customer choices would adhere to the basic design principles for metrics and performance measures<sup>3</sup>.

### Metric 29: Utility Load Management Success

Shifting load to times when non-emitting generation is available to meet demand has two-fold benefits. Not only does it have the potential to reduce GHGs by decreasing the load served by traditional fossil fuel-burning thermal plants, but it also has the potential to eliminate the need for gas peaker plants that provide supplemental generation during peak demand -- including helping utilities to avoid the need to invest in any new peaker plants with questionable fuel assumptions.

We agree with the edits to include transportation electrification as well as utilization of bidirectional charging capabilities. However, the latter is dependent on how many vehicles have the technology for bidirectional charging, which is not a factor controlled by the utilities. We therefore suggest that the metric be based on a utilization percentage of vehicles that have the necessary technology. When bidirectional charging becomes the standard configuration for all electric vehicles in the future, the metric should evolve to tracking energy and capacity as with the other technologies.

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<sup>3</sup> Prause, E. and Shipley, J. *Performance-Based Regulation: Considerations for the Washington Utilities and Transportation Commission*, (March 2022), p.18.

### Metric 30: DER GHG Reductions

We suggest replacing ‘electric vehicle’ with ‘electric transportation’ in order to use consistent terminology with Metric 25. Additionally, since the capacity and energy of DER programs are calculated as part of the revised Metric 15, this metric can calculate the GHG impact from those results. If Metric 15 disaggregates results by DER program, we recommend using those results as the basis for determining GHG reductions by program.

We also recommend using both cumulative and incremental savings year over year by program. Since energy efficiency measures provide savings continuously once implemented, reducing load through energy efficiency (EE) measures will have a larger impact when implemented earlier rather than later. Since EE measures reduce the overall load and thus also require less demand side management and generation to meet demand, incentivizing early maximization of EE measures is warranted.

### Metric 31: Greenhouse Gas Reductions per Dollar

We agree with the feedback that there needs to be a definition of what programs and investments are included. We would like to see explicit inclusion of transmission system investments, such as GETs and reconductoring qualifying lines, which can significantly increase the capacity to integrate additional clean generation on a much faster timescale than building new transmission lines.

### Metric 32: Total Greenhouse Gas Emissions

We agree with the suggestion to include market and PPA purchases since they have the potential to decrease or increase GHG emissions; they are part of the total power needed to meet demand.

## **Conclusion**

Renewable Northwest appreciates the Commission’s commitment to including stakeholder and utility perspectives in the development of the goals, outcomes, and metrics for Washington’s performance-based regulation policy statement, and we look forward to continued engagement in this process.

Respectfully submitted this 30<sup>th</sup> day of December, 2022,

/s/ Micha Ramsey

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