

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

**In the Matter of Puget Sound Energy's
Final Clean Energy Implementation Plan**

DOCKET UE-210795

**COMMISSION STAFF COMMENTS REGARDING
PUGET SOUND ENERGY'S FINAL CLEAN ENERGY IMPLEMENTATION PLAN
SUBMITTED IN COMPLIANCE WITH
CHAPTER 19.405 RCW and WACs 480-100-640 through -665
<AND UNDER CONSOLIDATED DOCKETS UE-191023 AND UE-190698, Order R-601>**

March 2, 2022

Table of Contents

Introduction.....	3
Staff Assessment of Final Clean Energy Implementation Plan (Docket UE-210795).....	4
Timing, targets, and additional analysis	4
Market exposure and resource need.....	5
Interim, Renewable, and DER targets.....	7
DR target and specific actions beyond the RFP.....	9
DERs value as NWA and Distribution modeling	10
DER solar CETA contribution.....	10
Customer Benefit Indicators and Equity Considerations.....	10
Issues discussed in GRC.....	13
Conclusion	13

Introduction

In 2019 the Washington Legislature passed the Clean Energy Transformation Act (CETA) to address the impacts of climate change by transforming the energy supply, modernizing the electric system, while ensuring the benefits are shared broadly.¹ The act sets the following mandatory targets:

- 2025 – All electric utilities must eliminate coal-fired resources serving Washington state customers.
- 2030 – All electric utilities must be greenhouse gas neutral—for example, remaining carbon emissions are offset by renewable energy, energy efficiency, carbon reduction project investments, or payments funding low-income assistance.
- 2045 – All electric utilities must supply one hundred percent of retail sales of electricity from renewable or zero-carbon resources.

The Utilities and Transportation Commission (Commission) issued rules implementing CETA on December 28, 2020.²

Puget Sound Energy (PSE or Company) filed a Public Participation Plan for its clean energy implementation plan (CEIP) on April 30, 2021, and an update September 1, 2021.³ The Company included its current and future public participation plan as Appendix C-1 of the CEIP.

On October 15, 2021, PSE filed a draft CEIP for the 2022-2025 period in this docket and solicited stakeholder comments, which are summarized in the final CEIP. On December 17, 2021, PSE filed the final CEIP.⁴ On December 28, 2021, the Commission issued a notice of opportunity for comments by March 2, 2022.⁵ On February 1, 2022, PSE filed a corrected CEIP to make technical corrections throughout the document that did not substantially alter the substance of the CEIP.

In the final CEIP, PSE requests approval for the following targets, actions, and projected associated costs:

- 1) **Interim Target:** 63 percent of retail sales renewable or nonemitting by 2025,
- 2) **Energy Efficiency Target:** 1,073,434 MWh for 2022–2025, subject to update in 2023 to reflect the 2024–2025 Biennial Conservation Plan
- 3) **Renewable Energy Target:**
 - a. 800 MW of new utility-scale renewables

¹ RCW 19.405.010(1).

² *In re Adopting Rules Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act and Amending or Adopting rules relating to WAC 480-100-238, Relating to Integrated Resource Planning*, Dockets UE-191023 & UE-190698 (Consolidated), General Order 601, 58-59, ¶ 168 (CETA Rulemaking Order) (Dec. 28, 2020).

³ See Docket UE-210297.

⁴ WAC 480-100-640(1) requires the final CEIP by October 1, 2021. The Commission granted PSE's request for an extension in Order 01, Docket UE-210571.

⁵ *Notice of Opportunity to File Written Comment*, Puget Sound Energy, Docket UE-210795 (Dec. 28, 2021).

- b. 80 MW of new distributed solar resources
- 4) **Demand Response Target:** 23.7 MW by 2025
 - 5) **Specific Actions:** Conduct an All-Source Request for Proposal (RFP) and a Targeted DER RFP in 2022–2023 to secure resources to meet PSE's specific and interim targets expressed above. Acquire 50 MW of utility-scale storage and 25 MW of distributed storage by the end of the CEIP period.
 - 6) **Incremental Cost:** To meet targets consistent with the goals of CETA, PSE estimates we will need to spend, on average, a two-percent average annual rate increase specifically to implement the above-stated targets consistent with CETA.⁶

Staff Assessment of Final Clean Energy Implementation Plan (Docket UE-210795)

Staff reviewed the final CEIP for compliance with the rules and statute. The 2022-2025 cycle is the first CETA implementation period for each utility. Staff acknowledges that the new rules and associated timing challenges related to the 2021 IRP cycle posed challenges to the complete implementation of CETA's directives through a fully compliant CEIP. Staff understands these challenges, expects an adjustment period for each utility to comply and fully implement the rules and believes achieving a fully compliant CEIP, based on an appropriate IRP, will be an iterative process. Many of the issues of concern for Staff in PSE's CEIP are also items the Company has identified as areas of improvement. Staff fully expects that any recommendation for approval of the CEIP will be accompanied by a list of conditions addressing any shortcomings.

Timing, targets, and additional analysis

RFPs as substantial part of specific actions

Staff is concerned about the amount of planning still to take place. In particular, the specific actions described in chapter 4 and Appendix L are primarily still to be determined. PSE is currently conducting two Requests for Proposals (RFP):

- 1) an All-Source RFP for up to 1,669 GWh of CETA compliant energy resources and up to 1,506 MW of CETA compliant capacity resources,⁷ and
- 2) a Targeted DER RFP in 2022–2023 to secure resources to meet the targets of 24 MW of demand response, 80 MW of distributed solar, and 25 MW of distributed storage by the end of the CEIP period.⁸

Staff notes that these two RFPs have been approved by the Commission and do not need to be approved again as part to the CEIP.

⁶ *In the Matter of Puget Sound Energy's Final Clean Energy Implementation Plan*, Docket UE-210795, PSE Clean Energy Implementation Plan, p. 4 (PSE CEIP) (filed Dec. 17, 2021).

⁷ See Docket UE-210220. PSE issued a final All-Source RFP June 30, 2021. Concurrent evaluation of the All-Source RFP and DER RFP will begin at the end of Q3 2022.

⁸ See Docket UE-210878. PSE issued a final DER RFP February 7, 2022.

Staff believes that an RFP is a reasonable specific action to include in a CEIP but does not believe that a CEIP that relies so heavily on RFPs is sufficient. PSE attempted to improve on this insufficiency by providing details on specific actions they *might take* depending on the results of the RFPs. For example, one specific action for demand response, residential direct-load control of electric resistance water heaters may provide 1.6 MW of peak load reduction for \$0.93 million. However, the actual implementation of this action is entirely dependent on the results of the RFP.

PSE has committed to include significant additional analysis during the concurrent evaluation of these two RFPs, including: temperature data that reflects climate change in the load forecast; updated effective load carrying capability as part of updated resource adequacy modeling; updated resource needs and portfolio modeling; and updates to short-term market reliance as described below.⁹ Staff appreciates PSE using the most up to date information for completing resource procurement but anticipates that there may be significant changes to more detailed specific actions described in the CEIP.

PSE will likely need to include improved analysis of how proposed projects contribute to the distribution of benefits, particularly to named communities. While Exhibit A of PSE's DER RFP addresses some of this analysis by asking bidders whether or not their projects will positively influence customer benefit indicators (CBIs), the CBI metrics listed in the DER RFP are out-of-date, and the analysis uses a yes-or-no, 0/1/2 scoring system that could allow for hyperbole from bidders.¹⁰ Staff offers further thoughts on the 0/1/2 scoring system in the section below on Customer Benefit Indicators and Equity Considerations.

Staff has previously commented on both of PSE's RFPs and is satisfied with the progress to date. In the future, reasonable attempts must be made to better align the completion of an RFP process with the development of the CEIP.

Market exposure and resource need

In September 2021, as part of the Company's All Source RFP, PSE hosted a helpful workshop for stakeholders to discuss analysis of its proposed reduced market reliance assumptions in the 2021 Integrated Resource Plan (IRP).¹¹ PSE communicated widely that it is actively *completing more analysis on this question in 2022* and others, including climate change in its load forecast, energy and peak analysis, climate change impacts on hydro, and other items included as part of E3's recommendations.¹² PSE asserts it continues to: (1) review data on how much capacity can reasonably be managed in short-run, (2) evaluate market availability of resources, and (3) review regional resource adequacy.¹³

⁹ PSE CEIP at 234.

¹⁰ See Final DER RFP, Docket UE-210878, p. A-10, Exhibit A: Evaluation Criteria and Scoring (filed Feb. 7, 2022).

¹¹ Docket UE-210220, Order 01, p. 5, ¶ 21 (June 14, 2021).

¹² See E3 Report on ELCC Methodology and Assumptions posted to PSE's RFP website on October 8, 2021.

¹³ See Market Reliance Workshop, [posted on PSE's RFP website September 23, 2021](#); and Market Reliance Workshop video recording, posted on PSE's RFP website October 8, 2021, slides 6 and 32. PSE's review includes information from the Western Power Pool (formerly Northwest Power Pool) resource adequacy program developments in Phase 3A, as the initiative moves forward and reveals real world data.

First, Staff reviewed PSE’s 2021 IRP and Clean Energy Action Plan (CEAP) with respect to “resource need,” which includes changes to PSE’s system resources. In the CEIP, the Company proposes that it will address market risk by *gradually reducing* the market purchase limit associated with the transmission rights from the Mid-C trading hub from approximately 1,500 MW to about 500 MW by the year 2027.¹⁴ This reduction in market reliance effectively increases the capacity need.

Table 1: CEIP Maintains Resource Adequacy Targets (MW)¹⁵

	2022	2023	2024	2025
Existing ¹¹ and Recently Acquired Resources	4,295	4,439	4,428	4,369
New Demand-side Resources	73	133	200	262
New Wind & Solar	-	-	40	82
New Energy Storage	-	-	3.1	6.2
New Demand Response	-	1.6	3.5	9.2
CEIP Distributed Solar	0.1	0.5	0.9	1.2
CEIP Distributed Energy Storage	-	0.9	2.4	5.5
Sub-total Resources	4,369	4,575	4,678	4,735
Short-term Market Purchases	1,518	1,485	1,472	1,474
Total Resources	5,887	6,060	6,150	6,209
2021 IRP Mid Demand + Planning Margin	5,656	5,706	5,792	5,845
Surplus/(Deficit) capacity to address customers’ peak energy needs	231	354	358	364

While in the RFP Staff recognized there is a need and urgency, Staff struggles to find where PSE substantiated its resource decision-making and provided rationale for reducing market reliance by approximately 200 MW per year, other than references to the Company’s 2021 IRP, and future commitments pertaining to forthcoming RFP analysis or real-world information, which may impact market reliance decisions. WAC 480-100-640(5) states that PSE’s CEIP must clearly present a rationale for its clean energy implementation plan incremental resource additions, including (1) proposed timing (2) estimated cost of each specific action, or (3) remaining resource need, which includes PSE’s short-term market purchases. Further, RCW 19.405.060(1)(b) outlines how PSE’s CEIP specific actions must be informed by the investor-owned utility’s participation in centralized markets.

¹⁴ PSE CEIP at 121, Table 4-4.

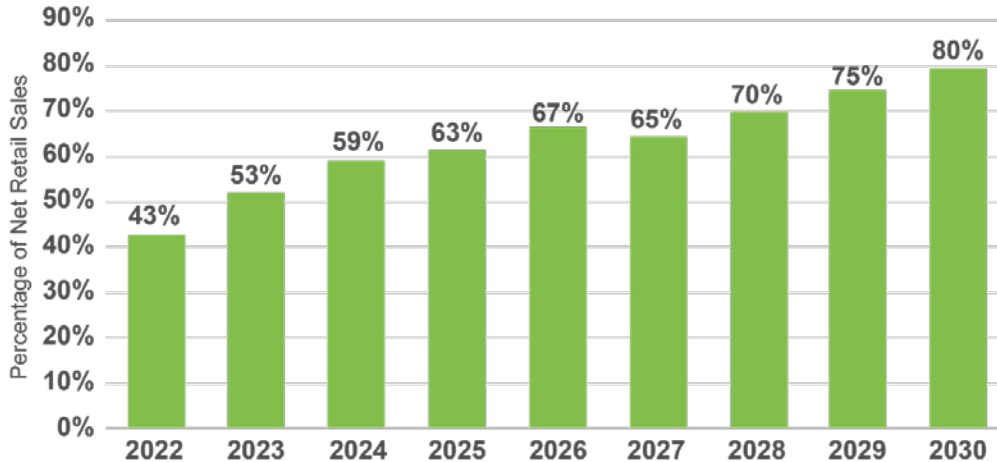
¹⁵ *Id.* at 20, Table 2-3.

PSE’s methodology for selecting investments, approach to optimization considering risk, and justification for *specific actions* identified are not clear in the CEIP itself.¹⁶ The Company admits its market reliance glide path is an “approximate strategy” and indicative, where the timing depends on the All-Source and DER RFPs, and how potential resource acquisitions may maximize customer benefits, among other factors.¹⁷ Staff notes PSE’s impending need to reduce short-term market reliance analyses may impact up to 10 percent of PSE’s total resource portfolio through 2025. Ultimately, the CEIP needs to be able to stand alone as a complete document, appropriate analysis must be included for the Commission, Staff, and stakeholders to review implementation decisions. Staff looks forward to refining the CEIP process with the Company and stakeholders.

Interim, Renewable, and DER targets

PSE requests approval of an interim target that meets 63 percent of retail sales with renewable or nonemitting energy by 2025, sourced from 800 MW of utility-scale renewables and 80 MW of distributed energy resources. As described above, Staff needs more information concerning the decision-making process that PSE used to decide on the specific glide path shown in Table 2, especially in relation to market reliance.

Table 2: 2022-2030 Interim Targets¹⁸



¹⁶ WAC 480-100-640(6)(f).

¹⁷ PSE CEIP at 121; *see also* 2021 All-Source RFP Market Reliance Workshop, slide 6 (n.13, *supra*).

¹⁸ *Id.* at 18.

Table 3: Increase in Renewable Energy from 2021 IRP/CEAP to CEIP¹⁹

		2022	2023	2024	2025
2021 IRP	aMW of Renewable Energy	845	1,033	1,038	1,183
	Percent of Retail Sales	39%	48%	48%	56%
2021 CEIP	aMW of Renewable Energy	935	1,145	1,290	1,379
	Percent of Retail Sales	43%	53%	59%	63%

As shown in Table 3, the interim target was increased from 56 percent in the 2021 IRP and draft CEIP when PSE incorporated stakeholder feedback on transmission, resource costs and a general desire to accelerate the transition to clean energy.

Table 4: 2022-2025 Interim Target Calculation (Cumulative energy in MWh)²⁰

CETA Summary	2022	2023	2024	2025
Forecast Retail Sales	20,236,296	20,378,670	20,604,482	20,722,203
Energy Efficiency (2022–2023 Biennial Conservation Plan (BCP)) ²	268,359	536,717	805,076	1,073,434
New Demand Response	0	5,702	17,331	47,256
PURPA Contracts	581,349	580,814	624,150	580,304
Green Direct	656,726	656,726	659,726	970,973
DER Solar — Load Reduction	5,585	20,577	37,144	52,749
CETA Retail Electric Load	18,724,277	18,578,133	18,461,057	17,997,487
New Wind	0	0	632,336	1,256,988
New Utility-scale Solar	0	0	420,527	629,343
New DER/Non-Wires Solar	0	4,074	8,162	8,148
DER Solar — CETA Eligible	0	7,029	14,584	22,589
Existing Wind/Solar/Biomass (includes signed contracts)	2,390,017	4,054,688	4,076,546	4,054,720
Existing Hydro	5,714,766	5,696,227	5,669,840	5,409,805
CETA-eligible Energy	8,104,783	9,762,017	10,821,995	11,381,593
Interim Target	43%	53%	59%	63%

¹⁹ PSE CEIP at 24.

²⁰ PSE CEIP at 17; Typo in Existing Hydro 2025 cell corrected from 5,4049,805 to 5,409,805.

The Company has included a separate sub-target for distributed energy resources. This target is not required by rule or statute, but Staff agrees with the Company that DERs are particularly useful when pursuing an equitable distribution of benefits. The DER target is based on the 2021 IRP preferred portfolio and a market potential evaluation that indicates the sub-target is feasible.²¹

The success and prudence of new programs for distributed solar, distributed battery storage, demand response or other DERs that are acquired from the RFP will depend on many small details. Staff believes that the customer-facing nature of DERs makes the use of an advisory group invaluable. Whether PSE chooses to form a new advisory group for new resource types or to make use of expertise in existing advisory groups, consultation with a knowledgeable and interested group of stakeholders is expected as the Company develops DER programs. Staff reminds the Company that stakeholders have limited resources, and streamlining advisory groups, either between subjects or between utilities, likely has benefits for all parties.

DR target and specific actions beyond the RFP

The CEIP sets a DR target of 23.7 MW that does not include planned pilot pricing programs PSE intends to implement. PSE states that it may update the DR target based on results of the DER RFP. While the target does not currently incorporate any equity impacts, the Company has committed to include equity impacts and consideration of CBIs when evaluating the RFP.²² Staff believes that modifying the target upward if additional cost-effective DR is identified is appropriate. Staff views the identified DR target as a floor. If the RFP does not identify sufficient DR resources readily available to meet the target, then the Company should further evaluate other methods to acquire the resource, including in house programs and leveraging peer utility experiences. The CEAP identifies the amount of cost-effective DR increasing to 183 MW by 2030 with the assumption that programs start ramping up in 2023.²³ The Company must ensure that delays in early program implementation don't make this nonemitting dispatchable capacity resource unavailable when it is needed.

As previously described, the specific actions to meet the DR target are described in detail but are almost entirely reliant on the outcome of the RFP. Staff appreciates the narrative describing the Company's DR plans but is disappointed that the timing of the RFP means that a significant amount of the plan is tentative and likely to change.

CETA requires utilities to acquire all cost-effective DR. Unfortunately, DR does not have a strong history of investment in the Pacific Northwest. Support for this technology is lacking at the utility and at the regional level. Many DR programs require significant time to ramp up as customers often need to install measures and learn how to interact with the program. Knowledge gaps for DR exist both for utilities and customers in our region.

²¹ PSE CEIP at 25; Appendix K.

²² *Puget Sound Energy DER RFP*, Docket UE-210878; Request for Proposals for Distributed Energy Resources, Exhibit A: Evaluation and Scoring Criteria (filed Feb. 7, 2022).

²³ 2021 PSE IRP at 2-6, Figure 2-1: 10-year Annual Resource Additions Preferred Portfolio.

To fully capture all cost-effective DR in their service territory, Staff expects PSE to immediately build capacity for additional DR programs. This includes early investment in programs expected to be cost-effective soon, facilitation of DR market transformation, and ensuring that the full value of DR, from equity impacts to reliability and resiliency, are captured in assessments.

DERs value as NWA and Distribution modeling

Demand response programs can have significant impacts on whether and when a given part of the distribution or transmission network will require upgrades, often referred to as non-wires alternative (NWA). The Company is exploring the idea with the geographically targeted pilot on Bainbridge Island.²⁴ However, in an explanation of non-wires alternatives, PSE notes that demand response “does not provide additional value since the demand response MW are system wide and are not included in the capacity studies to address local capacity concerns.”²⁵ While the majority of the DR programs will be made available on a system-wide basis, the benefits are not just related to generation capacity peak reduction, but also to local strains on power delivery infrastructure.

Staff believes PSE must consider the localized values of the systemwide DR program and, if necessary, increase their efforts in distribution planning to inform such decisions.

DER solar CETA contribution

PSE outlines how it plans to differentiate between different DER solar programs, using CETA Contribution Fractions (CCF) to delineate which MWhs contribute to CETA renewable energy and which MWhs will be considered load-reducing. The Company mentions that this is different from the way PSE has treated (and intends to continue treating) net-electric-metering installations.²⁶ It is not clear to Staff how these CCFs are developed. Different offerings (e.g., solar with and without storage) have the same CCFs, while seemingly similar projects (e.g., multi-family community solar projects and multi-family solar partnerships) have different CCFs. The Company also mentions that the final design of environmental attribute ownership is dependent on the outcome of their Targeted DER RFP but does not detail the reason for this dependence.

Staff questions whether having this varied environmental attribute methodology that applies differently for only slightly different DER solar installations is the best approach. Staff asks the Company to provide an explanation about the development of these factors, and to justify their use, or to remove them from the CEIP.

Customer Benefit Indicators and Equity Considerations

One of the more sweeping and complicated changes resulting from CETA is the requirement for utilities to ensure all customers are benefitting from the transition to clean energy. The Commission must decide whether the utility's plan will fairly and justly allocate the utility's

²⁴ 2021 PSE IRP, Appendix D Electrical Resources and Alternatives D-27.

²⁵ PSE CEIP at 130.

²⁶ *Id.* at 46.

specific actions among the utility's customers.²⁷ The Commission requires three elements to support its decision: who and where are named communities, the current conditions in those named communities as compared to the rest of the service territory, and how specific actions may shift any disparities identified.²⁸

The Commission requires a clear understanding of current conditions in the Company's service territory before it can evaluate whether the CEIP improves, maintains, or worsens existing disparities for named communities. The Company's development of a clear picture of the current conditions will be an iterative process, identifying both who and where named communities are, and what disparities may exist between those named communities and the entire service territory.²⁹ While Staff may offer additional feedback as our understanding of CETA compliance evolves, at this time Staff believes the Company has taken commendable first steps at identifying named communities and their current conditions. In particular, per Table 3-1 in the CEIP,³⁰ Staff appreciates the efforts made to identify vulnerable population factors that expand on the Department of Health data used to identify highly impacted communities, factors that often came directly from equity advisory group input. PSE's efforts to identify named communities and their disparities have improved since the Economic, Health, and Environmental Benefits Assessment the Company conducted in its 2021 electric IRP.³¹ Staff believes the breadth of data sources and multiple scales of data granularity at which current conditions for named communities were tracked, as identified in Table 3-2,³² will also prove useful.

Next, the Commission directed the utilities, with input from customers, to develop customer benefit indicators (CBIs) to inform the utility's investment decisions. Under the rules, the utility must consider both current conditions for a CBI and how a specific action is expected to influence CBI values over the planning horizon and even beyond.³³ As above, Staff commends the breadth of data sources the Company plans to use in identifying baselines for its CBIs, as described in Table 3-6 of the CEIP.³⁴

Staff also approves of the intention to track metrics for named communities separately from the rest of customers. That said, Staff has identified some deficiencies in the Company's plan. Similar to Staff's comments on Avista's final CEIP,³⁵ Staff believes further work is needed to clearly differentiate between benefits to named communities and the rest of the service territory, as is required by statute and rule.³⁶ Column C in Appendix L, where the Company lays out

²⁷ CETA Rulemaking Order at 20, ¶ 47.

²⁸ The requirement to identify named communities is found in WAC 480-100-640(4)(a) Identify highly impacted communities using the cumulative impact analysis pursuant to RCW 19.405.140 combined with census tracts at least partially in Indian country; (b) Identify vulnerable populations based on adverse socioeconomic factors and sensitivity factors developed through the advisory group process and public participation plan described in WAC 480-100-655.

²⁹ CETA Rulemaking Order at 20, ¶ 47.

³⁰ PSE CEIP at 52 Table 3-1 Vulnerable Population Factors and Definitions.

³¹ 2021 PSE IRP, Appendix K: Customer Benefits Assessment.

³² PSE CEIP at 54.

³³ CETA Rulemaking Order at 23 ¶ 57.

³⁴ PSE CEIP at 66-70 Table 3-6: Customer Benefit Indicators and Metrics.

³⁵ *Staff's Comments Regarding Avista Corporation's CEIP*, Docket UE-210628, (filed Jan. 28, 2022).

³⁶ RCW 19.280.030(1)(k) and WAC 480-100-610(4)(c)(i).

whether a specific action is intended to benefit named communities, is undetermined as a result of PSE's reliance on requests for proposals as its specific actions. Thus, no specific locations are identified in Column B. For several CBIs, baseline data has yet to be identified, or where data has been identified, the baseline has yet to be calculated. Moreover, Staff is unsure whether identifying specific actions and metrics relevant to named communities as a whole, rather than within and among named communities, is consistent with the granularity of information and action required to ensure equitable distribution. In summary, further work is needed to comply with 480-100-640(5)(a) and (c). One possible solution may be greater specificity in Appendix L, which should accompany improved analysis of RFP bids discussed on p. 4 of these comments, and an improved scoring process discussed in the weighting and scoring paragraph below.

Staff also has some suggestions for improvement of the CBIs themselves, though the Company's treatment of CBIs has improved since the Company's filed draft CEIP.³⁷ While Staff acknowledges that "reduction of climate change impacts" is a key outcome that should accompany the energy transition, Staff does not believe that its associated metric, multiplying the quantity of avoided emissions by the social cost of carbon, is meaningful or distinct enough to track. The Company could eliminate this CBI until an adequate metric is identified, given the fact that climate risk reduction metrics are captured by other CBIs. Staff also suggests that increasing the number of customers who have access to emergency power, the target and metric presented within the "improved access to reliable clean energy" CBI, might be a better additional metric attached to the "decrease frequency and duration of outages" CBI, as the metric is directly tied to resilience and energy security.³⁸ In eliminating and reordering these CBIs and metrics for clarity, Staff believes the Company would still comply with the statutory requirement that CBIs are identified for all the CETA categories identified by WAC 480-100-610(4)(c).

Finally, consistent with comments to the Company emailed in November, Staff has some concerns regarding applying CBIs to actions. Staff distinguishes between *weighting*, per 480-100-640(4)(c), by which the Company identifies which benefits and corresponding CBIs are more important to customers and may prioritize actions accordingly, and *scoring*, by which the Company decides by how much certain specific actions influence CBI metrics. The Company has made an attempt at the latter, and in an improvement from its draft CEIP Appendix D-3, has provided a rationale for each CBI score in Column AG.³⁹ Staff still has concerns that a 0/1/2 scoring system does not accurately reflect the magnitude of effects that varied specific actions will have on CBIs, and that some of the rationales expressed in Column AG may not be sound. That said, the Company has acknowledged greater quantification of benefits is needed and has agreed to work to improve this current system. Regarding *weighting*, required by rule, the Company describes how it received conflicting feedback about how and whether to prioritize certain CBIs given their importance to customers, and thus chose not to weight.⁴⁰ Staff acknowledges that the Company had thorough conversations about weighting with its advisory groups.

³⁷ Draft PSE CEIP, Docket UE-210795 (filed Oct. 15, 2021).

³⁸ PSE CEIP at 69, Table 3-6: Customer Benefit Indicators and Metrics.

³⁹ PSE CEIP, Appendix D-3.

⁴⁰ PSE CEIP at 92.

In sum, the Company has made comprehensive efforts and changes in response to feedback on named communities and CBIs, including some creative approaches to address difficult problems. The Company has attested that more work is needed and that it has been limited by the timeline. As such, Staff looks forward to further comments from key stakeholders and conversations with the Company before we can make a recommendation regarding approval.

Issues discussed in GRC

On January 31, 2022, PSE filed a general rate case (GRC) with a multiyear rate plan and performance measures as required by RCW 80.28.425.⁴¹ Staff notes that there are several issues in the CEIP that overlap significantly with issues in the rate case. In this CEIP, PSE requests approval of specific actions in the CEIP while simultaneously asking for prudence determinations, performance measures, and cost recovery concerning the same resources in the GRC. Staff is uncertain about the propriety of making recommendations on items in the CEIP that we are concurrently evaluating in the GRC.

The single largest example is the acquisition of a virtual power plant. This is a key enabling technology for the acquisition of demand response and implementation of time-of-use rates. Staff believes this is a critical element to support PSE's successful compliance with CETA. Staff believes the Company has appropriately included this acquisition for the Commission's consideration in the current rate case.

One possible solution is to consolidate certain issues from the CEIP into the rate case. Staff is not currently recommending consolidation in these comments. However, after reading stakeholder comments in this docket, Staff may recommend consolidation as the most efficient method of addressing these overlapping issues. If a motion for consolidation is made and the Commission agrees, the Company, Staff and other stakeholders should develop an issues list for the Commission's consideration.

The projected incremental cost of compliance is an integral part of the CEIP.⁴² However, considering outstanding RFPs, additional information being presented in the GRC, and potential additional guidance forthcoming from the Commission, Staff declines to comment at this time.

Conclusion

The process for review of the CEIP, as defined in rule, indicates that after a comment period the CEIP will be set for an open public meeting.⁴³ However, if warranted, the Commission will initiate an adjudication. Staff acknowledges that there are unresolved issues with this CEIP and looks forward to reviewing public comments before recommending next steps in this process.

⁴¹ See Dockets UE-220066 and UG-220067.

⁴² WAC 480-100-640(7) and WAC 480-100-660(4).

⁴³ WAC 480-100-645.