

May 28, 2018

Dear WUTC Commissioners:

I appreciate the opportunity to comment on Puget Sound Energy's Draft Request for Proposals for ***All Generation Sources, UTC Docket # 180271***. I am a customer of PSE and a concerned citizen living in the State of Washington, where there is general agreement that we are running out of time to stop the release of greenhouse gases into our atmosphere.

On PSE's website about their new Requests for Proposals, I read that PSE is "...actively developing additional renewable resources that protect both your pocketbook and the environment."¹ I was glad to read it; that is what I want my utility doing. I see also that the documents about the *All Generation Sources* RFP that I downloaded from the website all have "Renewables_Energy_RFP" as part of their file names. I also like that. This makes me think PSE is seeking low-cost, environmentally friendly, renewable sources of generation, which I hope they are.

When I look more closely, it appears that the RFP may not actually be for low-cost, renewable sources of generation. A title of *All Generation Sources* implies that coal and fracked gas, for example, are acceptable. I do not want my utility to request proposals for ALL generation sources. In 2018, there are ample low-cost alternatives to fossil fuels that meet PSE's stated goal of protecting our pocketbooks and the environment. In 2018, it is also clear that fossil fuel plants will not protect either our pocketbooks or our environment. Our pocketbooks are hurt directly as fossil fuel prices rise, as they are doing now, and as they will increasingly do as the social cost of carbon is added so that these fuel sources begin to pay for some of the damage they have caused and are causing. We are also hurt indirectly from the costs of climate-change-induced illnesses, such as asthma, and weather-related catastrophes, such as flooding. The damage to the environment is increasingly obvious and also costly.

For the reasons stated above, I request that final RFP be for clean, carbon-free, and renewable fuel sources only. We must not create new stranded assets or contribute to the further destruction of our environment, both natural and built.

As I read the RFP, I see apparently minor statements that seem to favor some sources of generation over others. Mostly I see things that could favor fossil fuel generation and disadvantage some forms of renewables. I hope the inclusion of such statements was inadvertent. I also admit that I am not an expert on this topic, and there is much in the RFP that is difficult to understand even after many readings. Below are some examples that appear to be problematic. I hope someone with a greater depth of understanding of the entire RFP will find and change all language that could favor fossil fuels, so that renewables have the fair chance they deserve to be selected for our new electric generation.

1. The RFP states on page 5 that "PSE's capacity needs are greatest in winter; therefore, resources will be evaluated based on an ability to fill winter deficits while minimizing summer surpluses." This essentially rules out solar as a possible source, for example, and does not allow for innovative proposals that include ways to store energy to be available in times of need, whenever they occur. This statement could also disadvantage customers in the future if there is not enough power to meet an increasing number of summer peaks as temperatures rise and more air conditioning systems are

¹<https://pse.com/aboutpse/EnergySupply/Pages/Acquiring-Energy.aspx>

installed. In the 2017 IRP, PSE acknowledged the University of Washington study showing that the region has already had “long-term warming, a lengthening of the frost-free season, and more frequent nighttime heat waves.”² PSE also noted that climate change “could affect” demand. I think it is more accurate to say climate change “*will*” or “*is highly likely to*” change demand, resulting in increased energy peaks in some summers and less frequent energy peaks in winters. This RFP should reflect these new realities.

I suggest that the RFP be changed to say that the new source must be able to meet PSE’s peaks whenever they occur. Also, there should be no statement about minimizing surpluses. If a renewable generation source, such as solar, produces excess energy at some point in the year, that energy can be transmitted to other regions where carbon-based fuels are still being used or stored in a variety of innovative ways and made available during peaks. PSE customers should not be prohibited from having access to new ideas.

Phrases about matching “PSE’s annual capacity requirements” are used in *Exhibit A. Evaluation Criteria*. I assume these refer to the winter/summer peaking issues, and as such need to be revised. All mention of seasonal and real-time fluctuations, for example, should also be reviewed to be sure they are not inappropriately disadvantaging clean solutions for our energy future.

2. I want no fossil fuel sources to be considered in the RFP, but if they are allowed to compete, they must compete on a level playing field. That means that the external costs from burning fossil fuels must be included in the cost of the source. The current draft does not include language to do this. A social cost of carbon, as discussed in the UTC response to the 2017 IRP, must be added. The rate the UTC suggested is not high enough to cover the true and full costs of burning fossil fuels. I ask that if fossil fuels are permitted in this RFP, the social cost of carbon, at a minimum, be that recommended by the Interagency Working Group on Social Cost of Greenhouse Gases.³

3. The description for *Evaluation Criterion #4* (pg. A-2), about the RPS requirement, is a single, incomplete sentence. It does not say if renewable generation is required, preferred, or disallowed. This is a major oversight. I assume PSE wants proposals that meet PSE’s mandated renewable need. I have not read the Energy Independence Act requirements, but I assume PSE’s mandated renewable need is a minimum. If so, then this evaluation criterion should be that the source must at least meet it, and proposals that exceed it should be rated higher than those that only meet it. Customers do not want a utility that strives to meet minimums; we want one that exceeds them.

4. The description for *Evaluation Criterion #7* (pg. A-2) refers to the 2017 IRP in regard to fuels. The UTC response to the 2017 IRP, which has become available since the draft RFP was written, discusses, for example, the need to use an appropriate social cost of carbon. Simply referring to the 2017 IRP, without noting the response from the UTC, again, may inadvertently favor fossil fuels over renewables.

Thank you for taking time to consider my suggestions. I understand that what I reviewed was a draft, and I may have misinterpreted what was written in the draft and what PSE desires as the

²PSE 2017 IRP, page 3-7.

³Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis – Under Executive Order 12866- Interagency Working Group on Social Cost of Greenhouse Gases, United States Government. August, 2016. https://www.epa.gov/sites/production/files/2016-12/documents/sc_co2_tsd_august_2016.pdf. To comply with Washington state Executive Order 14-04, the Washington State Energy Office recommends state agencies use the Interagency Working Group on Social Cost of Greenhouse Gases estimate with a 2.5 percent discount rate.

outcome of the RFP. I look forward to seeing a revised RFP that is compatible with the livable future I am sure all of us favor.

I would appreciate being informed of action taken on this docket. I will be unavailable to attend the June 14, 2018 meeting.

Sincerely,

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