U-240013

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Jeff Killip
Executive Director
Washington Utilities & Transportation commission
621 Woodland Square Loop SE
Lacey, WA 98503
Submitted Via UTC Web Portal

Re: Docket No. U-240013 - Commission-led workshop on the IRA and IIJA

Dear Executive Director Killip,

On behalf of Sierra Club and its nearly 26,000 members in Washington, thank you for the opportunity to provide these comments in response to the January 18, 2024 Notice of Workshop and Opportunity to File Written Comments.

The Inflation Reduction Act (IRA) and Infrastructure Investment and Jobs Act (IIJA) present an unprecedented opportunity to equitably accelerate America's transition to clean energy, and we strongly support the Commission exploring how to best leverage these opportunities in Washington. In particular, we see enormous opportunity to leverage IRA funds to support electrification and energy efficiency retrofits for Washington homes and businesses, especially among low-income households. The Commission workshop will be a valuable resource for identifying these opportunities and determining how Washington's public utilities can best incorporate them into new and existing electrification and energy efficiency programs.

We offer the following recommendations as the Commission prepares for the workshop:

First, the workshop should explore how utilities can leverage IRA funds to maximize the reach and effectiveness of energy efficiency and building electrification programs, while reducing the costs of these programs to utility customers. This could include:

1. Designing utility programs to facilitate layering with IRA funds by streamlining and standardizing application processes and performance standards (e.g., ensuring that equipment that qualifies for IRA rebates is eligible for utility incentives), and deploying one-stop shop models wherever possible.[1]

[1] For a discussion of incentive layering opportunities, see RMI, *Gaps and Barriers to Stacking Federal, State, and Local Incentives* (Dec. 2023), https://rmi.org/wp-content/uploads/dlm_uploads/2023/12/stacking_federal_state_and_local_incentives.pdf.

2. Educating customers, equipment distributors and installers, and program implementers about IRA opportunities, for example by highlighting available IRA incentives in marketing, education, and outreach materials.
3. Directing utility funds to gaps in federal incentives. RMI has identified electric heating, water heating, and pre-electrification elements of low-income whole home retrofits as areas of focus for non-federal incentives.[2]
4. Identifying opportunities where utility incentives can be adjusted (especially as uptake and awareness of IRA opportunities increases) to account for part or all of the needed incentive being provided by IRA funds.[3]

We believe Commission questions 1-6 and 8-9 will help explore these and related opportunities, and we encourage the Commission to pursue any additional ways of exploring them that arise in the course of this proceeding.

Second, in response to Commission questions 7 and 12, we recommend that utilities calculate the costs and cost-effectiveness of electrification and energy-efficiency measures *after* accounting for any federal rebates and tax credits. These federal funding sources reduce the effective costs of these measures from the perspective of Washington utilities and their customers, and decisions about which electrification and efficiency opportunities to pursue should reflect those cost savings.[4]

Thank you for the opportunity to comment.

Sincerely,

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Sierra Club
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[2] *Id.* at 7.
[3] For a discussion of how utility incentives can account for IRA and State incentives so that utilities are contributing appropriate amounts to the incremental costs of efficient electric equipment, see WRA, SWEEP, and NRDC, *A Path to Pollution-Free Buildings* at 30, 52 (July 2023), https://westernresourceadvocates.org/wp-content/uploads/2023/07/Path-to-Pollution-Free-Buildings-July-2023.pdf.
[4] At the very least, utilities should identify any measures that would have been found cost-effective if IRA funds were considered, but were not otherwise found to be cost-effective. The Colorado Public Utilities Commission took this approach in a recent proceeding. Colorado PUC Proceeding No. 22A-0309EG, Decision No. C23-0413 ¶ 126 ("We question whether [treatment of incentives as simple income transfers] is an appropriate assumption when applied to federal incentives, however, we are still interested in the effects that the IRA will have on DSM, and particularly BE, adoption. While the societal cost as a whole would not be impacted, it is highly likely that more localized costs, like those to individual customers and the utility system level, could be significantly altered due to an influx of federal incentives. … In the next DSM plan filing, we would also like to be made aware if there are any measures that did not meet the cost-effectiveness threshold which would have met that threshold had the IRA incentives been included in the calculation.") (June 22, 2023).