

APPENDIX A
Comment Summary Matrix

Washington Utilities and Transportation Commission
Docket U-240281
Rulemaking to Implement
The Large Combination Utilities Decarbonization Act

Concise Explanatory Statement
Summary of staff responses to comments

Contents:

- Written comments from May 24- June 24 on initial questions for consideration
 - Staff responses represent how public feedback was incorporated into the 1st draft rules.
- Written comments from September 20-October 20, 2024, on 1st draft ISP rules **[this draft did not include the cost test]**
 - Staff responses represent thinking between the 1st and 2nd public draft.
- Written comments from September 27- October 8, 2024, and December 24- January 14, 2025 on draft cost-test rules
 - Staff responses reflect how public feedback was incorporated into the cost-test portion of the rule
- Written comments from January 17-February 20, 2025, on 2nd draft ISP rules **[after i-2066 was passed]**
 - Staff responses represent thinking between the 2nd and 3rd draft ISP rules
- Written comments from April 8-May 8, 2024, on 3rd draft ISP rules **[after i-2066 was overturned]**
 - Staff responses represent thinking between the 3rd draft of ISP rules and recommendations for the proposed rule.

ESHB 1589 Implementation Rulemaking
Notice of Opportunity to File Written Comments on the CR-101 Draft Rules
Comment Deadline: June 24, 2024

Summary of Comments

- Building Industry Association of Washington (BIAW)
- Devon Kell
- Donna Albert
- Northwest Clean Energy Coalition (NWECC)
- Puget Sound Energy (PSE)
- Renewable NW and Climate Solutions
- Third Act WA and WA Clean Energy Coalition
- Washington Hospitality Association (WHA)
- Washington Public Utility Districts Association (WAPUDA)

1. **Section 3(2)(b) of the ESHB 1589 requires the Commission to include a compliance checklist and any additional guidance that is necessary to assist a large combination utility in meeting the minimum requirements of all relevant statutes and rules. What should the Commission consider including in a compliance checklist and what additional guidance should the Commission consider providing the large combination utility?**

Comments Themes:

- **Adopt a High-Level Checklist:** Implement a broad, high-level checklist that ensures compliance with statutory requirements while allowing flexibility for evolving ISPs and incorporating lessons learned.
- **Balance Efficiency with Clear Direction:** Ensure regulatory efficiency while providing clear guidance for utilities to meet clean energy mandates, avoiding overly detailed requirements that may limit flexibility.
- **Prioritize Decarbonization and Equity:** Focus on equitable decarbonization, emphasizing energy efficiency, demand response, and load-reducing measures, while avoiding unnecessary investments in gas infrastructure.
- **Support Vulnerable Populations:** Ensure that utility plans address the needs of low-income and vulnerable customers, including efforts to electrify loads, reduce energy burdens, and seek financial support through grants and assistance programs.

- **Consider Capital Investments:** Ensure that significant capital investments, such as those from the Multi-Year Rate Plan (MYRP) and Pipeline Replacement Plan (PRP), are included and analyzed within the ISP for a comprehensive evaluation of cost-effective and equitable energy solutions.
- **Encourage Diverse Approaches:** Allow utilities to explore various methods, including emerging technologies, for achieving climate goals, and avoid mandating specific resources.

Party	UTC's Summary of Comment	Staff Response
NWEC	"The Commission should strive to adopt administrative rules at a high enough level that allow for durability over the long-term. Such an approach would provide utilities sufficient direction to allow for robust integrated system planning that captures the spirit of HB 1589 while creating flexibility to allow for a varied set of approaches that may change over time." Balance between cost, risk, decarbonization, and equity.	Staff appreciates the concern about the need for flexibility for utilities to comply with rules over time. Staff is seeking to balance the need for statutory compliance and state decarbonization goals with the deadline created by ESHB 1589.
PSE	Should be focused on statutory requirements; leave flexibility for "adaptive consolidation of planning requirements over time"	Staff appreciates the concern about the need for flexibility for utilities to comply with rules over time. Staff is seeking to balance the need for statutory compliance and state decarbonization goals with the deadline created by ESHB 1589.
Third Act WA and WA Clean Energy Coalition	Provided a sample compliance checklist based on relevant sections of HB 1589	Staff appreciates the thorough and thoughtful sample compliance checklist provided based on the statutory requirements of ESHB 1589.

2. Section 3(2)(a) of ESHB 1589 requires the Commission to complete a rulemaking proceeding to implement consolidated planning requirements for gas and electric services for large combination utilities. The Commission may include existing plans required under seven existing statutes in the consolidated planning requirements.¹ Are there existing plans required under these seven statutes that large combination utilities submit to the Commission that the Commission should consider including and/or excluding from the required rulemaking proceeding? Please explain why these plans should be included or excluded.

Comments Themes:

- **Incorporate Key Plans:** Include the Multi-Year Rate Plan (MYRP) and Pipeline Replacement Plan (PRP) in the Integrated System Plan (ISP) for a thorough evaluation of their impacts on ratepayers.
- **Ensure Comprehensive Evaluation:** Evaluate all statutory requirements and provide transparency in the consolidation process to assess the full range of costs and benefits associated with PSE's plans.
- **Assess Alternatives:** Explore alternatives to traditional pipeline investments, such as electrification and non-pipeline solutions, to ensure cost-effective and equitable energy solutions.
- **Balance Consolidation and Safety:** While some plans may need separate attention (e.g., safety-focused PRP), balance regulatory efficiency with detailed scrutiny of individual plans to ensure both safety and effectiveness.

Party	Summary of Comment	Staff Response
BIAW	Should include MYRP and Pipeline Replacement Plan to increase transparency about consequences of plan and targeted electrification efforts.	Staff agrees that transparency is important in the ISP and that all relevant information should be included.
NWEC	Asks for clarity from Commission as to how MYRP and RCW 80.28.130 can be utilized in ISP framework. Wants ISP to represent a whole system optimization (gas, electric, DER, supply-side, decarb, equity, TE, etc.). “NWEC's vision for this process is not just to consolidate planning processes for large combination utilities but to achieve comprehensive, integrated system planning for large combination utilities...the goal of the ISP should be to ensure the lowest reasonable cost resource strategy for the energy system as a whole that meets the state’s binding climate legislation and ensure that equity is at the forefront of any plan.”	Staff recognizes that RCW 80.28.130 allows the Commission to require incorporation of MYRPs and pipeline replacement plans in ISPs. Staff agrees that the ISP should represent a holistic optimization plan as opposed to several plans filed at once.
PSE	Consolidate Gas IRP but don’t consolidate MYRPs and pipeline replacement plans: “The multiyear rate plan process is a discrete ratemaking exercise that requires individual attention and thus should stand on its own.” “PSE has concerns about the efficacy of consolidating these safety-focused plans into a much broader planning process.”	Staff is concerned about not integrating MYRPs and pipeline replacement plan information into ISPs. Staff understands the concern that integration of pipeline replacement plan decision-making could delay time-sensitive repairs; however, if the decision-making mechanisms were separate but the information provided in pipeline replacement plans was still integrated, it would ensure that all relevant information would be represented in the ISPs.
WHA	All of the above should be consolidated, especially MYRP. Rate impacts must be clear to fully evaluate PSE's plan. Could UTC make the	Staff agrees that an ISP cannot be approved by the UTC without all

	determination it needs to make to approve an ISP without a MYRP and Pipeline Replacement Plan?	relevant information.
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3. **Section 3(10) of ESHB 1589 requires the Commission to establish by rule a cost test for emissions reduction measures achieved by large combination utilities. On November 7, 2022, in Docket UE-210804, Commission Staff presented a Straw Proposal for a Washington Cost-Effectiveness Test for Distributed Energy Resources. Is this straw proposal an appropriate starting point for developing a cost test for emissions reductions measures? If yes, which components of the straw proposal need further discussion?**

Comment Themes:

- **Enhance Cost-Effectiveness Tests:** Modify traditional cost-effectiveness tests to better capture the complexities of decarbonization efforts, ensuring they align with the Large Combination Utilities Decarbonization Act. Develop a more comprehensive modeling approach that balances policy priorities, including emissions reductions and customer transitions from natural gas to electricity.
- **Integrate Societal Costs:** Ensure that societal costs are clearly integrated into the cost-benefit tests and that electrification is considered as a resource alongside other distributed energy resources.
- **Address Reliability and Conversion Costs:** Evaluate the reliability of electricity service and the significant costs for ratepayers to convert to electric appliances. Assess the availability and costs of propane as an alternative, and consider the environmental and cultural impacts of shifting away from natural gas.
- **Consider Competitive Disadvantages:** Assess the competitive disadvantages faced by businesses that lose natural gas service compared to those in neighboring areas still receiving it.
- **Support Long-Term and Incremental Analyses:** Emphasize forward-looking, long-term, and incremental cost-effectiveness analyses, and focus on identifying options that maximize net benefits while minimizing costs and risks.

Party	Summary of Comment	Staff Response
BIAW	Believe host customer impacts and reliability are most important to PSE ratepayers. Recommends excluding "non-quantitative" measures from consideration "as there is no equitable way to assess the benefits to each ratepayer and/or geographical area." (save those to "gauge policy achievements")	Staff disagrees - "non-quantitative" measures, including social costs among disadvantaged communities, are an integral part of understanding overall costs for consumers.
Devon Kellogg	Consider state's climate goals; health and safety risk of gas appliances	Staff and UTC will continue to center the state climate goals and the health and safety of WA residents in the rulemaking proceedings.
Donna Albert	Any cost-benefit analysis must be well-vetted by UTC (point out outdated or inappropriate assumptions/inputs). Transparency, iteration, collaboration.	Staff and UTC will ensure the cost test for ISPs is transparent, collaborative, and includes up-to-date mechanisms and metrics.
NWECC	Straw proposal is an appropriate starting point for developing cost test for emissions reduction measures. in addition: 1. clarity from C about how societal impacts are reflected 2. include electrification as a resource (like how DERs, EE, DR are in straw proposal) 3. cost-effectiveness analysis should be "forward-looking, long-term, and incremental" (per NSPM for DERs). Electrification should be assessed against new gas system infrastructure investments	Staff appreciates the support for the Straw Proposal as a starting point, as well as the additional suggestions for framing more relevant to combination utilities and to reflect societal impacts. Staff will take these costs into consideration when developing the cost test parameters.
PSE	Traditional cost-effectiveness test does not make sense for this application. Does not propose preferred alternative. Considers maximizing emissions reductions up to a specific rate-impact	Ceiling reduction based on cost will not allow utilities to reach 2045 decarbonization goals. However, costs must not be completely passed on to consumers through rate increases.

Third Act WA and WA Clean Energy Coalition	SCGHG should be additional to CCA allowance costs; CCA cost should be assumed to be ceiling price; HB 1589 is more broad than the DER-focused Straw Proposal; recommend a comparison spreadsheet of NPVs of "commercially available resources and measures" for decarbonization. "Decarbonization measures must be cost-effective."	Staff appreciates the concern that the Straw Proposal is not an appropriate starting point for the cost test but rather the foundations for the test can be found in 1589 itself. Additionally, staff agrees that the social costs of greenhouse emissions must be factored as a cost adder, not included as something that can be offset by allowances.
WHA	Include: 1. Availability and reliability of electricity service 2. Cost for ratepayers to convert electric appliances 3. Cost and availability of propane 4. Environmental and health impacts of preparing food over alternative fuels (wood, propane, charcoal) 5. Societal impacts of restricting cultural practices 6. Impact of lost business and revenue due to providing inferior product Supports Straw Proposal (nod to NSPM), and believes it is "important to include the requirement of "lowest reasonable cost" in the cost-effectiveness test." Concern about maximizing emissions reductions even if not cost-effective.	Staff appreciates the support of the Straw Proposal as a starting point as well as the specific additions suggested, including the societal impacts. Staff will take these costs into consideration when developing the cost test parameters.

4. Other Comments

Comments Themes:

- **Prioritize Local Ratepayers:** Focus on protecting the interests of local businesses and ratepayers over the financial gains of Puget Sound Energy, especially given that ratepayers cannot choose their utility provider.
- **Assess Total Impact:** Evaluate the overall financial and societal impacts of proposed plans on local businesses and ratepayers.
- **Support Flexibility and Efficiency:** Encourage regulatory flexibility and innovation to meet procedural requirements and help PSE prepare its first Integrated System Plan (ISP) by January 1, 2027.

Party	Summary of Comment	Staff Response
BIAW	Concerned about public participation at UTC (cites number of signatures on initiative)	
Devon Kellogg	Remove any remaining incentives for new gas hookups	
Donna Albert	CHP should only be considered for industrial applications where there is no electrification option; rulemaking should result in utility achieving GHG reductions in line w/ state law; skeptical of RNG's role; "set more aggressive EE goals" combined w/ electrification (lost opportunity measures); targeted electrification (targeted gas system decommissioning)	The rulemaking will align with state's decarbonization goals and electrification transition.
WAPUDA	Encourages UTC to ensure rules "provide affected consumer-owned electric utilities sufficient forewarning of any change in natural gas service, so they have time to plan for and implement actions necessary to maintain grid reliability."	Staff will ensure that sufficient notice is given to consumer-owned electric utilities prior to changes in natural gas service in their service territories.

Docket U-240281
ESHB 1589 Implementation Rulemaking
Summary of Comments on the Draft Rules
Comments Deadline: October 20, 2024

Commenters:

- ⌘ Alliance of Western Energy Consumers (AWEC)
- ⌘ Climate Solutions
- ⌘ Donna Albert
- ⌘ NW Energy Coalition (NVEC), Renewable Northwest, and Climate Solutions
- ⌘ Puget Sound Energy (PSE)
- ⌘ Sightline Institute
- ⌘ Third Act WA and WA Clean Energy Coalition
- ⌘ Washington Public Utility Districts Association (WPUDA)
- ⌘ Washington State Republican Senators

General Comments

Comments Themes:

- **Policy Goals** - Commenters have a differing focus on the intent of ESHB 1589 (e.g., decarbonization v. streamlining existing planning and regulatory processes) and on rulemaking.

- **Statutory Scope(s)** - Commenters expressed concerns about the statutes applicable for rulemaking.
- **Guiding Principles for Path Forward** - Request for the Commission to allow comments to be submitted after the workshop to allow participants to gain insight and clarity on certain aspects of rulemaking and submit more informed comments.

Party	Summary of Comment	Staff Response	Version 2 Rule Changes? If yes, see description.
WA State Senators (MacEwen, Short, Boehnke, Braun, Rivers, Gildon, King, Padden, Holy, Schoesler, Wilson, Warnick, Wagoner, Dozier, Muzzall)	Concerned that the rulemaking process overreaches the plans authorized in statute, namely integrating gas Integrated Resource Plans (IRPs) into Integrated System Plans (ISPs), as the statute governing gas IRPs was not included in the list of statutes in ESHB 1589 that could be applied to ISPs. Concerned that gas IRPs will be swallowed by ISP processes and won't be as accessible to the public. Also, ESHB 1589 limits the Commission's discretion in enacting the statute because the statutes allowed to be applied to ISPs are listed in ESHB 1589 and are meant to be an exhaustive list.	RCW 80.86.020(1) supports the conclusion that the Legislature intended for the Commission to pursue consolidation of planning for both gas and electric operations planning, to include consolidation of both gas and electric IRPs. ESHB 1589 a general grant of rulemaking authority for the purpose of ensuring the proper implementation and enforcement of the act. 2024 c 351 s 12 (uncodified). A rule which includes a gas IRP component in integrated systems plans for large combination utilities would ensure proper implementation of the Legislature's intent to allow for consolidation of both gas and electric planning requirements.	No.
Third Act WA and WA Clean Energy Coalition	The purpose of the rulemaking is decarbonization, not "to streamline the utilities' business," and PSE has been de-emphasizing the transition from gas to electric. Offered redlines of draft rules (<i>480-95-010</i>).	Alignment with I-2066, see redline language.	Yes WAC 480-95-010
Donna Albert	Recommends that <i>480-95-010 Purpose</i> includes clearer language about the intent of ESHB 1589 to decarbonize building space and	The Intent section of ESHB 1589 was repealed by I-2066.	No redlines proposed. See Cost Test rules for factors to be

	water heating through the gas transition. The utility must ensure all customers benefit from: 1. The equitable distribution of energy and non-energy benefits and reduction of burdens to vulnerable populations and highly impacted communities, 2. Long-term and short-term public health benefits, environmental benefits, and reduction of costs and risks; and 3. Energy security and resiliency. Alternatives that harm human health / the environment should be identified and excluded from potential alternative options to natural gas.	Agree that these impacts need to be considered. To impact outcome of ISP, Staff is proposing including them in the impacts explicitly required in the Cost Test rules. Disagree. Any alternative resource or portfolio of resources inevitably has a mix of benefits and costs associated with it. For this reason, it is not helpful to isolate one or two impacts (health/environment) without considering the holistic impact of the portfolio.	considered in development of an ISP.
PSE	Draft rules misinterpret that ESHB 1589 requires targets for electrification and emissions reductions (see redlines, more in Question 2b). Rules require more flexibility; they should streamline existing planning and regulatory requirements and allow flexibility in the first ISP iteration (see redlines).	Staff removed the electrification Specific Target from these draft rules due to I-2066, but kept the emissions reduction target, as that is explicitly defined in ESHB 1589. The rules are intended to allow for maximum flexibility while meeting statutory requirements and providing guidance to reflect those requirements. Disagree. CETA itself makes changes to several statutes, including IRP statutes and CETA	Yes – Redlines throughout the Draft Rules

	Recommend keeping the Clean Energy Transformation Act (CETA) requirements distinct throughout the draft rule language.	requirements are applicable throughout planning processes. The Decarbonization Act envisions a consolidated planning framework that requires holistic planning; unnecessarily separating requirements of one law (CETA, EIA, etc.) from others does not lend itself to that vision and Staff does not believe it is in the interest of a truly consolidated/integrated planning process.	
AWEC	The Commission should allow further comments after the workshop so commenters can get more clarifying information from the workshop and then submit more informed comments.	Agree	No
NWEC, Renewable Northwest, and Climate Solutions	Draft rules as a whole do not adequately engage with the interaction between gas and electric systems nor the explicit integration of the Climate Commitment Act.	Agree, Staff included more explicit language connecting the gas and electric systems, while retaining flexibility allowing for technological developments in modeling technology. Staff also included mentions of CCA and statewide emissions reductions in draft WAC 480-95-040.	Yes. WAC 480-95-050, -060
Sightline Institute	<i>WAC 480-95-050(3)</i> may unintentionally set back decarbonization efforts. Suggest using non-pipeline alternatives ranking, cost-effectiveness, and special considerations for low-income communities to identify all viable locations for cost-effective, geographically targeted electrification to eliminate bias in a	I-2066 considerations were incorporated into the next version of the rule.	No. See footnote¹

	way that could be more effective than the statute section.		
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Questions & Themes:

Content of an Integrated System Plan (ISP): Please review Table 1.

- b. **Are there missing energy plans that should be included in the ISP, which are not currently identified in Table 1, above, or included in the draft rules?**
- c. **For example, should the Biennial Conservation Plan (BCP) also be included in an ISP?**
- d. **What timing is most appropriate for both plans (ISP, BCP)?**

Comments Themes:

- **Plans:** Electrification of Transportation Plans should be optional until determined if beneficial for the ISP. BCP should not be included at this time.
- **Timing:** Should be adjusted because of the amount of time and resources needed for ISP requirements and the tight timeline proposed in draft rules.
- **Gas/Electric Integration:** Rules should more explicitly require the utility to capture the interaction of gas and electric systems so that vulnerable customers are more protected against the effects of unclear or generic forecasting and modeling.

Party	Summary of Comment	Staff Response	Version 2 Rule Changes? If yes, see description.
PSE	A - No. PSE requests that Electrification of Transportation Plans (TEPs) be included as <i>optional</i>, not required for ISP; the utility will determine over time if ISP would benefit from TEP inclusion. B - BCP should not be included at this time.	A – Partially agree. Staff acknowledges that the statutory language around TEPs is permissive, however, if a large combination utility produces a TEP it should be included in an ISP so that its impacts can be treated consistently with other DERs and system resources.	A - Yes – WAC 480-95-060(7); 480-95-070(5)(c) B – No.

	C - Iterative schedule for first ISP cycles leading up to alignment with statutorily required timelines: - Draft Second ISP by Jan 1, 2030 - Final Second ISP by Apr 1, 2030 - No midway report - Draft Third ISP by Jan 1, 2033 - Final Third ISP by Apr 1, 2033 - Subsequent ISPs every 4 years Requests more information about timing for public comment hearings on draft ISPs. Biennial Conservation Plan (BCP) timing should remain the same.	B – Agree. There will certainly be overlap, but Staff generally agrees that keeping BCPs separate for now makes sense. Allowing flexibility for inclusion in the future may be worthwhile. C – Staff does not believe that filing a final ISP <i>after</i> that ISP’s implementation period has begun is conducive for timely guidance, especially given the statutory timeline for Commission approval. Further, Staff is reluctant to remove the “progress report” requirement that already exists in CETA rules for both the IRP and CEIP. The energy sector is in transition and waiting 4 or 5 years in between ISPs is likely too long. That said, Staff changed this section to “ISP midway update” and changed the requirements to allow for fewer filings in potentially less dynamic future times.	C – Yes – WAC 480-95-020(29); 480-95-090(4); WAC 480-95-090(7)
NWEC, Renewable Northwest, and Climate Solutions	The rules need to explicitly require the utility to capture interactions between gas and electric systems. More guidance will guard against potential assumptions for portfolios that are not the lowest reasonable cost. Decarbonization of the gas system must be a thoughtful transition that protects the most vulnerable customers. Modeling scenarios should include assessments of rate impacts on customer decision-making. Modeling must include	Agree. (check redlines) Partially agree. These scenarios will be useful but don’t need to be prescribed in rule. (address death	See WAC 480-95-040(2) Yes. See Cost Test rules for required analysis in identifying preferred portfolio. Also, see WAC

	individual rate impacts on customers and the resulting impacts on the gas and electric systems. Language alterations in comments for subsections 2, 11, and 11e were suggested.	spiral and equity) Generally, agree with the proposed edits, though some appear in different sections than proposed due to the reorganization of the rules.	480-95-040(2) Yes. WAC 480-95-040; 480-95-060(6)
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Content of an ISP, long-term and implementation sections:

- e. **WAC 480-95-030:** Please identify any issues with the draft rule language and provide recommendations to address those concerns through comments or redline edits.
- f. **WAC 480-95-040:** Please identify any issues with the draft rule language and provide recommendations to address those concerns through comments or redline edits.

Comments Themes:

- **Assessments:** Various assessments required for energy resource options in Long-Term Planning (e.g., DERs, energy storage, EV infrastructure, NPAs, etc.) should occur prior to scenario development to fully understand new resource potential. Assessments should also be applicable to the entire gas system, not just planned and known gas infrastructure projects. There is concern that some assessments might undermine the decarbonization intent of ESHB 1589.
- **Clarity needed:**
 - ☐ Long-Term Section: More structure is needed for meeting multiple statutory requirements (Clean Energy Transformation Act, Climate Commitment Act, Energy Independence Act, Decarbonization Act) and request for the Climate Commitment Act (CCA) to be more explicitly integrated alongside the Clean Energy Transformation Act (CETA).
 - ☐ Implementation Section: Clarity is needed regarding CETA requirements and the more explicit integration of CCA requirements.

Party	Summary of Comment	Staff Response	Version 2 Rule Changes? If yes, see description.
Third Act and Washington Clean Energy Coalition	Assessments required for energy resource options (e.g., DERs, energy storage, EV infrastructure, Non-pipeline alternatives, etc.) should occur prior to scenario development in the planning process to understand the potential of new resources—added section in redlines in comments .	Our rule reorganization could address this. Staff believes that the draft rules include these resource assessments in the early stages of the ISP development process (i.e., before “scenarios and sensitivities,” and “portfolio analysis”). Disagree with Resource Acquisition (WAC 480-107, definition revision only)	No, but the relevant section was reorganized in <i>WAC 480-95-050</i> No.
Sightline Institute	"The rules do not clearly require the ISP to evaluate electrification of all end uses currently served by natural gas." The wording of the long-term section should adhere more closely to the intent of the law to decarbonize the gas system and should require an assessment of cost-effective electrification (including evaluating non-pipeline alternatives) for the entire gas system, not just planned and known gas infrastructure projects. Non-pipeline alternatives (NPAs) could replace underutilized or higher-than-average-cost pipeline segments. Move <i>WAC 480-95-030(3.b.ii)</i> to Section 5 because geographically targeted electrification doesn't meet the definition of DER. Institute similar language for NPAs as MA DPU: utility must demonstrate “NPAs were adequately considered and found to be non-viable or cost prohibitive in order to receive full cost recovery.”	In light of I-2066, these suggested changes to the draft rules were not incorporated.	No.

PSE	A-Redlines move several sections around; also remove certain requirements - maximum customer benefit scenario in <i>480-95-030 (10.c)</i>, DERs assessments, consideration of acquiring existing renewable resources, avoided cost and nonenergy impacts analysis. Rules should include a structure for meeting multiple statutory requirements (<i>RCW 80.86</i>, CETA, CCA, EIA), especially energy efficiency and demand response. Conflicting definitions between existing statutes (e.g., “cost effective”). PSE should be exempt from existing rules that <i>80.86</i> replaces (e.g., <i>WAC 480-100-600</i> through <i>480-100-655</i>, <i>WAC 480-90-238</i>, <i>WAC 480-109-210</i>) and language for those WACs removed and replaced with rules within <i>80.86</i>. Simplify reporting requirements for clean energy reports (redlines). B-Moved the Clean Energy Action Plan (CEAP) section to <i>480-95-040</i>; need to clarify the actions associated with CEAP and the Clean Energy Implementation Plan (CEIP), respectively. <i>480-95-040 (3)</i>: Neither electrification nor emissions reduction are required by CETA or ESHB 1589. <i>(3.a.i-v)</i>: These requirements do not apply to statutory requirements of CETA and CEIP. Recommends a different structure in the rules to accommodate. <i>480-95-040 (6-8)</i>: The level of detail is not	A - While Staff understands that certain changes may be necessary to implement ESHB 1589, we do not believe this is an appropriate time to reevaluate key implementation decisions made in the CETA rulemaking including the removal of significant sections of existing requirements from rule (like the maximum customer benefit scenario or the DER assessments). Staff does not believe it is necessary to remove all references to existing CETA rules (i.e., WAC 480-100-6XX). B – agree with movement of CEAP. Add standard I-2066 language on electrification.	Yes <i>WAC 480-95-050</i> <i>WAC 480-95-060</i>
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	applicable because the information will not be available during the ISP process but resource acquisition. <i>480-95-040 (9.d)</i>: The section should focus on CETA requirements.		
Donna Albert	Concerned Benefit-Cost Analysis requirements will undermine the overarching objectives of ESHB 1589. Suggests a more performance-based and iterative approach.	Disagree. Staff is working in a parallel cost test technical conference series to ensure the objectives of ESHB 1589 (among other policies/objectives) are considered in how the ISP optimizes output portfolios.	No
AWEC	A-Purpose section: “<i>RCW 80.86.020(4)</i> sets forth the requirements of what must be included in an ISP (i.e., incorporated on a planning basis). This language can be read as establishing an independent requirement to actually achieve the conservation, energy efficiency, and demand response requirements. AWEC would like to better understand the inclusion of an operational component within the context of a planning component.’ B-Is PSE still required to comply with <i>WAC 480-100-640</i>? ”Is the draft language in this section intended to apply to CETA requirements only, or do these draft rules impose additional implementation requirements beyond those included in CETA? If yes, what sections of <i>80.86</i> did Staff rely on in drafting this section?”	Staff reads the words “achieve” using the plain language understanding of that word. Achieving something does not entail only planning to achieve it, and Staff does not believe the legislature would have used the word “achieve” if it did not intend for large combination utilities to actually achieve what the statute describes in <i>RCW 80.86.020(4)(e)</i> and <i>(g)</i>.	No
NWEC, Renewable Northwest,	A-Rules should more explicitly state other existing statutory requirements besides CETA, namely CCA (suggested language alterations in comments for subsections 1, 7, and 12.a).	Partially agree, staff addresses in the proposed redlines.	Yes. WAC 480-95-030(6); -040; -050; -060

and Climate Solutions	ISP should include a forecast of gas plant capital investment by category; otherwise, Benefits-Cost Analysis (BCA) and other scenario assessments will be inaccurate. The Commission should require the forecast to be reflective of forecasted demand over the planning horizon (suggested language alterations in comments for 480-95-020(38), 480-95-030(5.b) and (6), and 480-95-050(1)). ISP should assess all electrification, not just "cost-effective" electrification (suggested language alterations in comments for subsection 3.b.ii). Encourages Commission to explicitly prioritize demand-side resources and load management in delivery system assessments. Utility must also ensure necessary upgrades from electrification or integration of other resources are captured in the assessment and deemed "technically feasible." Suggests utility's modeling files and models and tools used, where possible, be disclosed as part of data disclosure and transparency requirements (suggest language alterations in comments for subsection 15). B-Rules should more explicitly state other existing statutory requirements besides CETA, namely CCA. Suggested language alterations in comments for subsections 2, 6, and 7.		WAC 480-95-040(3), -060(1)(j) WAC 480-95-040(1)(b) No, staff adopted language from the statute, which was retained. WAC 480-95-080(3)
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			<i>See above</i>
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Compliance timeline: While the current CEIPs are based on a 4-year compliance period, the multiple references to “emissions reduction periods” for ISPs [*RCW 80.86.010(14)*; *RCW 80.86.020(4)(e)* and (g)] suggest that a 5-year timeline may be beneficial in harmonizing the Clean Energy Transformation Act, Climate Commitment Act, and *RCW 80.86* requirements in a consolidated planning environment. This may especially be true when considering the practical compliance and reporting implications in *RCW 80.86.020(4)(e)* and (g). As such, the Commission requests feedback on both the compliance and associated timelines:

- b. Could a 5-year compliance period be used for an integrated system plan and still meet the “statutorily required content” of a CEIP (*RCW 19.405.060*)? If yes, please explain.
- c. In the alternative, if a 4-year compliance period were used, how would that impact the ability of the Commission and interested parties to assess a large combination utility’s potential claim that a given level of conservation or demand response was DOCKET U-240281 PAGE 4 “neither technically nor commercially feasible during the applicable emissions reduction period” [*RCW 80.86.020(e)* and (g)]? Please explain.

Comment Themes:

- **5-year compliance period:** There is agreement that it would not be appropriate.
- **4-year compliance period:** More clarification is needed; however, it is suggested that transitioning over time towards alignment with CETA’s 4-year compliance period would be preferable and make reporting requirements more streamlined for utility.

Party	Summary of Comment	Staff Response	Version 2 Rule Changes? If yes, see description.
AWEC	A-No. B-Request additional clarity on how <i>RCW 80.86.020(4)(e)</i> (2% of electric load) and <i>(g)</i> (10% of winter/summer peak electric demand) are meant to function in the ISP. Unclear whether the standard would be applied on an actual basis or a planning basis.	A - Agree, Staff reflected a revised 4 year period in the rules to align with CETA. B - Similar to emissions reduction targets, staff believe this is an ambiguous part of the statute and something that the Commissioners will need to decide. Staff agree that the plain language suggests that these are enforceable, a plan by itself does not “achieve” anything and these subsections require a very complicated analysis of technical and commercial feasibility. It would be strange if these were not enforceable in any way. Staff recommend including these as planning requirements with associated enforceable targets. Planning without any intention of implementing it would be inconsistent with good planning practice.	Yes. WAC 480-95-020(29); -080(4)
PSE	A-No. <i>80.86.020</i> does not establish 5-year compliance periods (or any compliance periods) beyond CETA. Does not recommend moving from CETA periods to 5-year periods. B-Recommends gradual evolution of timeline from statutory deadlines for the first ISP towards alignments with CETA’s 4-year compliance periods. Given ISP’s 20-year analysis window, PSE can incorporate scenarios that provide for 5-	A - Agree. <i>80.86.020</i> does not explicitly establish something called a “compliance period.” B – Staff also agree; PSE should incorporate scenarios that provide for 5-year reduction period analysis.	Yes. Same as AWEC above.

	year emission reduction period analysis.		
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Definition of “commercially feasible” (RCW 80.86.020(4)(e) and (g)): Commission Staff (Staff) interprets the term “commercially feasible” to be different from the term “cost-effective” as used in the EIA. Staff interprets “commercially feasible” as related to the Technically Achievable Potential as determined in utility Conservation Potential Assessments (CPA). Further, Staff believes the definition of “commercially feasible” may be an eventual compliance question regarding conservation achievement.

- b. Should there be a definition of “commercially feasible”? If yes, please provide proposed definition.
- c. How is “commercially feasible” different from “achievable” cost-effective conservation in the EIA?

Comments Themes:

- **“Commercially feasible” definition?:** Yes, the suggested definitions are below.
- **“Commercially feasible” v. “achievable”:** Some understand it as similar; differences between the two are understood through the process of development.
- **Clarity needed:** On the usage of “commercially feasible” in ISP as an eventual compliance measure of conservation achievement.

Party	Summary of Comment	Staff Response	Version 2 Rule Changes ? If yes, see description.
WPUDA	A - “Commercially Feasible” is different from “cost-effective” from EIA, more relevant to Technically Achievable Potential or Achievable Economic Potential from utility Conservation Potential Assessments (the process is target-oriented, not program-oriented) B - “In the context of this statute and implementing	Staff disagrees. The legislature is aware of existing requirements under the Energy Independence Act including the concept of “economic achievable potential” and its use in conservation target-setting. Staff does not believe the legislature would insert a new	Yes (Definition suggested on page 2 of

	regulations, WPUDA sees the term 'commercially feasible' as having the same meaning as 'achievable economic potential.'"	term ("commercially feasible") if it did not have a distinct meaning apart from other existing laws and policies. Need a definition for next version of the rules.	comment) WAC 480-95-020(5)
PSE	A - "Currently in PSE's conservation planning process, it executes an RFI and RFP to commercial vendors in its service territory and builds a conservation portfolio for the subsequent two years that can be deployed in the market and meets the Total Resource Cost test. PSE proposes that this RFI/RFP process represents the best available way of determining what is commercially feasible in the local market over the short-term target window;" in the long-term ISP, CPA's "technical achievable potential" may suffice. B - The difference is how they are developed. "Achievable" is understood to be "the maximum technically achievable conservation that is assumed to be adopted by customers, based on adoption curves provided by the NW Power Council." "Commercially feasible" could be, per suggestions in Q4.a, "a portfolio developed in conjunction with commercial vendors who are intimately familiar with our service territory, the markets they serve, and the best practices in program design."	Staff agrees that over a long-term ISP, the CPA's technical achievable potential is a reasonable proxy for commercially feasible. Staff disagrees that PSE's current RFI/RFP process is sufficient to determine commercially feasible during the emissions reduction period. While Staff sees the potential value of consulting with conservation measure installers, we are reluctant to rely entirely on a company's specific vendor pool to determine what amount of conservation is "commercially feasible." Staff is also concerned that this approach may lead to a lack of transparency in the target-setting process. A more robust RFI/RFP process that transparently seeks to find all energy efficiency and demand response options available or ready to be developed may be useful in demonstrating sufficient achievement over a near term time span.	Yes WAC 480-95-020(5)
AWEC	A - Agrees that it is distinct from "cost-effective," which is defined in ESHB 1589. Unclear why "commercially feasible" should be an eventual compliance question regarding conservation achievement and requests it to be addressed at the workshop.	Staff agrees that they are distinct terms. The Commission may accept lower achievement if the targets are not technically or commercially feasible during the emissions reduction period.	No

NWEC, Renewable Northwest, and Climate Solutions	A - “Commercially feasible” definition: “Resources that are substantially likely, with a high degree of confidence, to become commercially available in the later years of the ISP process.”	This definition may be helpful in the evaluation of emerging technologies, but Staff struggles to see how it could be applied consistently to develop a conservation or demand response target in an ISP. How would a company determine what level of conservation or demand response is “commercially feasible” if this definition were to be adopted?	Yes WAC 480-95-020(5)
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Definitions – General: Are there other definitions within the proposed rules that are missing or need to be changed? If yes, please explain.

Comments Themes:

- Suggested definition alterations, removals, and additions below

Party	Summary of Comment	Staff Response	Redlines?
WPUDA	“Resource adequacy” - recommend removing “assessment and determination of resource adequacy metrics” language (480-95-030(8))	<i>RA is not defined, but staff believe it could be streamlined in WAC language. See PSE edits</i>	Yes WAC 480-95-030(7)
Third Act and Washington Clean Energy Coalition	“‘Electrification’ should be updated to include replacement of equipment directly fueled by fossil fuels with electrically driven equipment.” “‘Electrification’ and ‘electrify’ mean the transition of equipment directly fueled by fossil fuels to electrically driven equipment.”	Disagree. Staff is reluctant to alter definitions explicitly included in the statute, unless absolutely necessary.	No
Sightline	The rules do not define “treatment of geographically	In light of I-2066 standard language	No

Institute	targeted electrification.” “Treatment” in this context requires more clarification from the Commission.		
PSE	Complications with “cost-effective” - 2 different statutory definitions (EIA/CETA and 80.86.010); proposal in redlines. “Demand response” should include natural gas usage and service. “Low-income” should reference RCW section, not WAC rules. Adding “nonwires solution”- means activities or investments that delay, reduce, or avoid the need to build or upgrade components of a distribution and/or transmission system. “Resource” should add gas system resources as well. “Social cost of greenhouse gas emissions” should remove reference to the generation of electricity and remove extraneous, unneeded information. Remove “costs of greenhouse gas emissions” and “implementation period” completely.	Staff does not believe that two definitions for cost-effective are necessary. Agree Disagree	No. Yes. WAC 480-95-020(12) No. Yes. WAC 480-95-020(38) Yes. WAC 480-95-020(44) Yes. -020(46) Yes.
NWEC, Renewable Northwest, and Climate	Add "commercially available": "refers to resources that can currently be procured in the marketplace."	<i>This has been an undefined term in existing IRP rule, but Staff included a definition in these draft rules that builds on, but has important differences from, the proposed NWEC/RNW/CS language.</i>	Yes. WAC 480-95-020(6)

Solutions			
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Pipeline replacement plan data: To support safety and reliability, gas utilities plan for replacement miles of gas pipeline every year. Additionally, avoiding gas distribution pipeline replacement through targeted electrification must be considered within an ISP. As such, does the language outlined in *WAC 480-95-050* adequately include costs without impacting safety and the approval processes for necessary repairs, improvements, changes, additions, or extensions?

Comments Themes:

- **Suggested edits:** Subsections should either be removed completely or moved to different sections within draft rules.

Part y	Summary of Comment	Staff Response	Redlines?
PSE	No. Section 1: replaced by a requirement added to 480-95-030 (5.b) Section 2: removed as unnecessary and statutory requirements are sufficient Section 3: Section is counterproductive to intent of ESHB 1589 and should be removed	<i>See staff edits in redlines.</i> <i>Agree. Staff has pulled the necessary content from this section into other relevant sections to better integrate it into the ISP.</i> <i>Moot per I-2066.</i> <i>Moot per I-2066</i>	Yes. WAC 480-95-040(3)(a)(iv), -060(1)(j)

Outreach to consumer-owned utilities: Is the language in WAC 480-95-050(2) adequate to ensure communication with consumer-owned utilities, while maintaining sufficient flexibility?

Comments Themes:

- **Outreach to Consumer Owned Utilities (COUs)** - Differing views of the importance of COU outreach prior to electrification; utility doesn't see the necessity, and other stakeholders want requirements for outreach "well before" initial transition.

Party	Summary of Comment	Staff Response	Redlines?
WPUD A	Draft rule repeats statute language without additional guidance. Would encourage PSE to commit to calling a meeting with interested parties 3-5 years before natural gas transition to ensure adequate resourcing, provide clarity between parties, and establish expectations.	I-2066 relates to this comment in terms of natural gas transition and resourcing; staff does not support additional requirements within the rules at this time.	No
PSE	80.86.080 language is sufficient; 480-95-050(2) language is unneeded. Also, as the Commission doesn't regulate COUs, it is unnecessary to include language in 80.86.080 that conveys responsibilities for COUs. PSE is confused by the inclusion of 480-95-050(3) as ESHB 1589 does not discuss this requirement and it is counter to the intent of ESHB 1589, which encourages geographically targeted electrification where it is cost-effective for customers. This section discourages that transition due to challenges with customer allocation of costs associated with investments in different utility service territories. Recommends removal.	<i>Draft WAC 480-95-050(2) was removed due to I-2066</i> <i>Draft WAC 480-95-050(3) was removed due to I-2066</i>	Yes. Removed language at issue.

Plan development and timing: *RCW 80.86.020* requires the Commission to approve, reject or approve with conditions an ISP within 12 months of filing.

- b. Please describe the filing and review process that you envision for an ISP.
- c. How does that differ from the current draft rules?
- d. Further, should it resemble the existing IRP or CEIP process more?

Comments Themes:

- **Consensus:** Request for other parties' perspectives and discussion for further clarification of process and timing
- **Language Edits:** Suggested language changes/additions for draft rules

Party	Summary of Comment	Staff Response	Redlines?
PSE	A-Requests other parties' perspectives. The process should be clear, transparent, and lead to efficient and timely decisions by the Commission. Also, it should involve considerable engagement, collaboration, and consultation prior to filing. B-Doesn't recommend using existing CEIP approval process for ISP process without modification as they undermine Commission's decision-making authority and could lead to considerable resources spent on unnecessary adjudication processes (language suggested in redlined comments). Suggests further discussion with interested parties around the provision of expectations of timing and process for draft and final ISP. C-No, ISP is a new endeavor and should not mirror IRP and CEIP processes.	A- Agree B- Staff's proposed rules include the word "may" in front of "initiate an adjudication." In existing CEIP rules (WAC 480-100-645(2)), the operative word is "will." Changing it to "may" in the ISP rules retains the right of interested persons to call for an adjudication, but provides discretion to the Commission as to whether that call will be heeded. Staff hopes this will alleviate PSE's concern about "unnecessary adjudication processes." C- Disagree. While the ISP is new, Staff believes the process should look at least somewhat similar to existing IRP/CEIP processes since those are	See WAC 480-95-080 Yes. WAC 480-95-080(8) See WAC

		two of the key filings that are being consolidated. Not building on the existing processes for those plans would be inefficient.	480-95-080
AWEC	A -Requests other parties' perspectives. B -However, concerned that the draft rules don't contain a requirement that the filing include 'projected rate impacts of specific actions, programs and investments on customers,' as per <i>RCW 80.86.020(12)(g)(iv)</i> .	A- Agree B- Staff notes this is still required by statute if not specified in rule. Staff proposes to address projected rate impacts in the cost test portion of the rules.	No

ISP midway progress report: In the draft rules, the Commission proposes an ISP midway progress report that would update major long term planning assumptions, necessary implementation details, and significant changes in law or economic conditions.

- a. Should the information provided in this document allow a utility to request changes to previously approved targets? If yes, what standards should be met for the Commission to change targets?
- b. If so, please describe what an appropriate process would be for review of this document. Should this process be subject to adjudication or not?

Comments Themes:

- **Target Change Requests:** Should be allowed
- **Process Suggestions:**
 - ☐ Either case-by-case basis OR at time of ISP draft filing
 - ☐ Adjudication should also be case-by-case OR in a manner the Commission sees fit

Party	Summary of Comment	Staff Response	Redlines?
PSE	A - "Strenuously objects to the creation of a midway progress report." It is not required by statute and	A - Partially agree. Staff included adjustments to what is now called the "ISP midway update"	Yes

	would require an extensive amount of engagement, study, analysis, modeling, documentation, writing, etc., and is not possible under current draft rules. Would also be burdensome on advisory groups, interested parties, and the Commission without significant practical value. Supports annual progress reports. Planning requires utility to predict unknown future conditions and circumstances that are not always ultimately accurate. Utility should be given the chance to change CETA targets if situations change materially over time. Does not recommend establishing criteria at this time. Commission should weigh merits of a request for change of targets at the time of filing. B-Target change process should occur through petition on the previous order of Commission for targets. Commission can determine whether adjudication occurs through open public meeting or other Commission-led proceeding.	based on this feedback, though we stopped short of fully eliminating it. Given the rapidly changing policy and technological factors that impact energy planning, Staff does not agree that such an update would be "without significant practical value." The updated rule language would require a midway update if certain significant ISP inputs had changed since the most recent ISP, and also would require a midway update if the LCU was proposing updated targets. Disagree. In order to change targets, Staff believe the Commission needs a more substantive filing than a simple petition. If the Company believes it needs to update its targets it should substantiate that claim via the ISP Midway Update. Otherwise, variations between approved targets and the Company's performance should be handled in compliance. Staff believes this will avoid the need to address constant petitions to adjust targets based on <i>actual performance</i>. Staff believes targets should be based on planning, not actuals.	WAC 480-95-080(7) See WAC 480-95-080(7)(a)(i)
AWEC	A-Inclined to support but requests more info on how the report would be used. The Commission should consider changing targets on a case-by-case basis in at least the first ISP process, as opposed to establishing a standard.	A – Staff agrees that there should be a process to change targets if needed, and we believe the draft rules reflect this. However, Staff also believes that a request to change targets should be well-substantiated and documented in order for the Commission to make an informed decision.	AWEC did not provide explicit redline suggestions, but Staff believes

	B-Process should be the same as a Clean Energy Implementation Plan Biennial Update and adjudication should be considered on a case-by-case basis.	B – Staff believes the draft rules largely reflect this	some of the updated draft rule language in WAC 480-95-080 reflect the spirit of AWECC's feedback.
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Reporting and compliance: What metrics are important to include in reporting and compliance filings to demonstrate progress towards electrification and emissions reduction targets?

Comments Themes:

- Differences in understanding of whether compliance metrics are even applicable to ESHB1589 / RCW 80.86 with metrics for electrification and emissions reduction suggested.

Party	Summary of Comment	Staff Response	Redlines?
Third Act and Washington Clean Energy Coalition	Electrification metric: “the amount of gas supplied to customers displaced by electrification, in standard cubic feet (or therms) per year and also expressed as a percent reduction from the annual average of the emissions baseline period.” Emissions Reduction metric: “annual metric tons of carbon dioxide equivalent (CO₂e) emitted, and percent reduction from emissions baseline as required by, and using the monitoring and calculation procedures in WAC 173-441, with comparison to emissions reduction targets.”	Some of the recommendations appear to overlap with Staff’s initially proposed metrics, but to the degree there were additional metrics suggested, Staff attempted to incorporate them into the new draft ISP rules in the “Reporting and compliance” section.	Yes. WAC 480-95-070(3)(a) and (b)
PSE	ESHB 1589 does not establish electrification or emissions	Staff removed the electrification	Yes.

	reductions targets or associated compliance requirements. Open to discussion about whether metrics additional to those required for other purposes are needed.	specific target in response to I-2066, but maintained the emissions reduction target in that section. Staff finds reporting electrification and emissions reduction to be useful even if not a compliance requirement	WAC 480-95-070
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Public participation: Are there missing elements, or areas that need to be changed, in *WAC 480-100-655* that should be included in a public participation plan for an ISP? If yes, please explain.

Comments Themes:

- **Utility Advisory Groups:** Concerns about the makeup and decision-making scope of advisory groups; request additional language in *480-100-655* on requirements and adding oversight authority to the Commission.
- **Process:** Should be streamlined, comprehensive, and easily accessible to a broad audience.
- **Community Engagement:** More intentional engagement with Tribal groups throughout the planning process is vital.

Party	Summary of Comment	Staff Response	Redlines?
Third Act and Washington Clean Energy Coalition	Suggest additional language to <i>WAC 480-100-655</i> on requirements for how advisory groups are formed and members selected to serve voluntarily without pay, advise in the public interest and have relevant, appropriate experience or expertise. Utility should propose the procedure, and the Commission should review and reserve the right to reject members. Additional language is suggested in comments .	Staff does not believe it is appropriate, or necessary, for the Commission to be involved in the selection of company advisory group members.	No
PSE	Proposes a streamlined but comprehensive public participation section that decreases duplicative documents (e.g., docs for the former	Staff believe referencing the sections of the WAC that involves public participation is appropriate.	Yes WAC 480-

	IRP work plan and CEIP public participation plan). Suggestions in redlines.		95-080
AWEC	Concerned about the amount of decision-making authority utility advisory groups hold. Suggests that utilities should be required to hold an informal external meeting with interested parties and stakeholders before making filings at the Commission at the advisory groups' recommendation.	Staff is not convinced that this is the correct venue for this concern. That said, advisory groups do not have “decision-making authority,” and to the degree they have influence, Staff believes that is largely a good thing. Staff would entertain suggested rule language if this is an ISP rules issue, but none was provided by AWEC in their comments on the first draft rules iteration.	No
NWEC, Renewable Northwest, and Climate Solutions	It is vital to incorporate Tribal input into planning processes, regardless of if they are members of advisory groups. Also important for the draft rules, plans, report backs, and other ISP materials to be presented in a simplified and easily understood manner for the sake of accessibility to a broad audience.	Staff agrees that inviting tribal input is important. Staff believes it is already required that the Company make a good faith effort. Agree. Staff welcomes suggestions to make the rules as accessible as possible while also maintaining their integrity from a legal/administrative perspective.	No rule language was proposed.

Named communities and WAC 480-95-030(10): Staff interprets vulnerable populations, highly impacted communities, and overburdened communities -- including customers of both electric and gas systems – to be considered and referred to as “named” communities, which should be considered within ISP. Do you agree? Further, are there any other places in the rules where this may also apply?

Comments Themes:

- Further discussion is needed to clarify definitions between CETA and the Washington Decarbonization Act for Large Combination Utilities.

Party	Summary of Comment	Staff Response	Changes? If yes, see description.
PSE	Suggests further discussion to ensure definitions and intent are clear in requirements. CETA only includes “vulnerable populations” and “highly impacted communities” in definition of “named communities” and requests <i>80.86</i> definition not stray from that definition.	Staff proposes being able to refer to “named communities” encompassing all priority populations (highly impacted communities, vulnerable populations, and overburdened communities) for gas and electric.	No See WAC 480-95-020(34)

Enforcement: What enforcement mechanism should the Commission consider with the emission reduction targets and other aspects of the ISP? For example, should the Commission add language in a new enforcement section language modeled after *WAC 480-100-665*?

Comments Themes:

- **Clarity needed:** on the Commission’s authority for enforcement as ESHB 1589 / RCW 80.86 does not establish compliance requirements for electrification or emissions reduction targets.
- Suggested mechanisms are below.

Party	Summary of Comment	Staff Response	Changes? If yes, see description.
Third Act and Washington Clean Energy Coalition	“Add ‘ <i>RCW 80.86</i> ’ to the first sentence, in addition to <i>RCW 19.405</i> . We suggest adding enforcement of electrification requirements according to	In light of I-2066, these suggested changes to the draft rules were not incorporated.	No

	percentage of electrification achieved (in units of gas displaced by electrification – see comment [for Q10] regarding electrification metric).”		
AWEC	Requests more info on what “enforcement mechanism” means. If it is tied to particular emissions reduction outcomes, AWEC requests more clarity on Commission’s authority for the mechanism.	The Commission has broad authority to enforce targets approved by order. Staff’s draft rules envision a compliance review process that will be conducted similarly how CEIPs are currently conducted. (See RCW 19.405.060 & WAC 480-100-650(2))	No
PSE	ESHB 1589 does not establish electrification or emissions reductions targets or associated compliance requirements. Any requirement for targets and enforcement mechanisms are beyond the scope and authority of statute.	The Commission has broad authority to enforce targets approved by order. Staff’s draft rules envision a compliance review process that will be conducted similarly how CEIPs are currently conducted. (See RCW 19.405.060 & WAC 480-100-650(2))	No

Amendment to definition of IRP in WAC 480-107, *Electric Companies—Purchases of Resources*: Is there a nexus between acquisition rules and filings made in accordance with WAC 480-95-030, the new ISP? If yes, what additional revisions are needed beyond connecting the IRP and ISP requirements with acquisition processes? If no, please explain.

Comments Themes:

- Disagreement on whether there should be an amendment to adapt rules.
- Suggestions for amendment from utility in near future

Party	Summary of Comment	Staff Response	Changes?
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			If yes, see description.
PSE	Suggests amendment provides for adaptations to the rules that are more suitable to the procurement needs of LCUs in light of new requirements from <i>RCW 80.86</i> ; will provide more comments and redlines for <i>480-107</i> in the near future.	(need meeting with PSE – Quinn to set up) Staff believes the current rulemaking should only make changes to WAC 480-107 that are necessary to apply to an ISP	No
AWEC	AWEC agrees that PSE should follow the same acquisition rules and requirements that apply to Integrated Resource Plans.		No

Docket U-240281
Cost Test Rulemaking
Summary of Comments on the Draft Rules
Comment Deadline: October 8, 2024
Second Comment Deadline: January 14, 2025

Commenters:

- ⌘ [Donna Albert](#)
- ⌘ [Puget Sound Energy \(PSE\)](#)
- ⌘ [Alliance of Western Energy Consumers \(AWEC\)](#)
- ⌘ [NW Energy Coalition \(NVEC\)](#)
- ⌘ [Renewable Northwest and Climate Solutions](#)

General Comments

Comments/Themes:

- Simplicity:
- Impacts:

Party	Summary of Comment	Staff Response	Proposed Changes? If yes, see description.
Donna Alberts	The Cost Test required in RCW 80.86 is straightforward, and this RCW definition is a more practical starting point than the guidance in the Straw Proposal for the Primary Cost Effectiveness Test	Staff is not proposing that the JST, as outlined in the Straw Proposal, be the cost test. Staff agrees that the cost test should be used to determine a LRC portfolio, in line with the definition of LRC.	
Donna Alberts	In the same comments, Kraemer and Marsh proposed a Compliance Checklist drawn from RCW requirements, which is a practical and useful suggestion. The Compliance Checklist as presented in their comments incorporates overarching policy goals	Staff agrees that a checklist is a useful tool. Staff required to have a checklist. Will write checklist after WACs are written.	
Donna Alberts	The rules developed by UTC to implement ESHB 1589 must ensure that overarching policy goals are achieved in every portfolio configuration which is considered. Physical achievement of these policy goals must be tracked, measured, and verified.	Staff agrees. The question is how narrow or broad the policy goals included in the cost test are.	

Donna Alberts	Cost Test Simplicity – Provides comments from the JST docket. Quotes comments by Public Counsel. Counsel goes on to say that a complicated single test may obfuscate rather than illuminate the detailed information the Commission requires to ensure policy objectives are met.	This rulemaking is for different purposes than what these comments were initially made for. Public counsel was commenting directly on developing a JST for DERs. That said, Donna’s broader point about simplicity is taken. I agree that some impacts, such as equity, may be lost in a cost test. If not monetized as part of systematic, there is an implicit value of 0 give.	
Donna Alberts	Please ensure there is a mechanism for considering health impacts which are specific to a fuel choice, which have outsized impacts to children, pregnant women, the elderly, those with existing health conditions, and those whose health is already impacted by racism or inequity	I agree that health impacts should be included in the cost test, still undecided on how/where they are considered.	
Donna Alberts	I suggest there is also a need to properly evaluate “other environmental” impacts, which are not otherwise considered in regulations or permitting, for example the massive climate emissions, lost opportunity carbon emissions, health, food security, water, eutrophication, and biodiversity impacts of purpose grown agricultural energy crops for RNG if proposed by PSE on a scale large enough to replace a meaningful amount of current natural gas use	I agree that other environmental impacts should be included.	
Donna Alberts	I remain concerned that allowing RNG as a natural gas replacement in resource or systems planning would delay actual effective decarbonization, if clear direction is not provided to PSE in a timely manner.	N/A for purposes of cost test. I don’t think RNG is precluded from being an emission reduction measure.	
Donna Alberts	Reliability and resilience may belong both	I agree that these impacts should go in the	

	in the Cost Test (the cost of the utility providing reliable service, and getting the lights back on quickly) and in the distributional equity evaluation framework (the different ways that individual customer circumstances exacerbate the impacts of an outage).	cost test as appropriate, and should be considered elsewhere as appropriate.	
PSE	Cost Test Application: PSE recommends not using the cost test for broader purposes. PSE interprets this language to mean the focus of the cost test should be on the <u>forecasted cost of emission reductions in the ISP</u>	RCW 80.86.020(9) requires the Commission to “establish by rule a cost test for emissions reduction measures achieved by [PSE] to comply with state clean energy and climate policies.” This is about complying w/ CETA, which encompasses many considerations. I think Staff could give on removing impacts that are inappropriate for cost, but I think more than just what PSE picks needs to be in there. Further, EMRs include DERs, and a broad set of impacts should be included so they are treated fairly.	
PSE	The output of the cost test analysis would be forecasted societal costs and customer rate impacts, at the portfolio level, for different portfolios.	I think you shouldn’t include societal costs and not benefits. I don’t think PSE’s narrow set of societal costs is sufficient	
PSE	This broader application of the cost test is problematic. Many of the elements included in Washington’s scope of the public interest cannot and arguably should not be quantified. Best practices for equity considerations and analysis determine that these elements should be assessed alongside cost analyses, not included in them.	Agree that many things shouldn’t be quantified, including equity. However, that’s not what Staff is saying, and our latest rules revisions address that. Highlight that cost test can also be used for “any other purpose determined by the	

	PSE recommends that the cost test be focused <u>on the statutorily defined purpose of determining the lowest cost mix of different levels of “decarbonization and low-income electrification measures” rather than the public interest</u> , which already has a separate section of the statute dedicated to its evaluation	commission by rule”	
PSE	For example, the Commission could use the information provided by the cost test to help determine whether the ISP “results in a reasonable cost to customers, and projects the rate impacts of specific actions, programs, and investments on customers” as required by RCW 80.86.020(11)(g)(iii)	I think it’s inconsistent to say that the cost test can be used for .020(11) <i>only</i> . If PSE wants to submit a rate impact analysis, they can.	
PSE	The forecasted information provided by the portfolio-level cost test would then be considered holistically in concert with the other public interest criteria listed in RCW 80.86.020(11).	If the cost test is a narrow SCT and a rate impact analysis, there is a risk that other determinations would be overshadowed by the cheapest option	

Questions & Themes:

Question 1:

RCW 80.86.020(9) requires the cost test be used by large combination utilities “for the purpose of determining the lowest reasonable cost of decarbonization and low-income electrification measures in integrated system plans, at the portfolio level, and for any other purpose determined by the commission by rule.” Staff proposes the cost test also be Commission’s evaluation that an ISP is in the public interest, as required by RCW 80.86.020(11). Is this an appropriate use of the cost test?

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Comments/Themes:

- Scope – Public Interest: While appropriate for cost test to be used for public interest, disagreement as to how granular public interest will be analyzed. PSE, NWECA, and RN & CS think cost test is among a range of tools; Others (AWEC) believe the purpose of the cost test is not for determining public interest at all.

- Scope – LRC: To the extent that parties think the cost test *shouldn't* be for determining public interest, they think it should be for determining lowest cost portfolio.

Party	Summary of Comment	Staff Response	Proposed Changes? If yes, see description.
PSE	Agrees use of cost test is appropriate. Adds nuance. Highlights use of “aid” in question and plain language of RCW, arguing that cost test should not be only method of evaluation. Argues cost test should only be used for evaluating RCW 80.86.020(11)(g)(iii), which is whether an ISP “results in results in a reasonable cost to customers, and projects the rate impacts of specific actions, programs, and investments on customers.	I agree that the cost test is one tool among many. I disagree that the scope is limited to .020(11) only. Further, I do not think that a cost test that solely emphasizes rate impacts and not other considerations is in the public interest. Cost test only helpful insofar as they answer a specific question	
AWEC	Cost test is “functionally different and in addition” to public interest. Cost test analysis is to ensure portfolios in ISP include lowest reasonable cost scenarios. The cost test should also serve to ensure that costs and rate impacts to all customer classes are not unreasonable – and inconsistent w/ public interest.	I disagree that the cost test is distinct and in addition to RCW 80.86.020(11). If the Commission is determining if an ISP is in the public interest, the cost test is a tool in that determination. Perhaps a legal question, but do we need to explicitly call out that the LRC definition includes “other purposes determined by the Commission?” Or would that preclude us saying the cost test is a tool in and of itself?	

NWEC	Agrees it is reasonable for cost to be <i>one of the factors</i> the Commission uses to look at public interest. Commission should use range of criteria.	Staff agrees that not every element of public interest may be adequately captured in a a cost-test, such as equity.	
RNW&CS	ISP is in the public interest but caution that a broader public interest evaluation should still take place outside of the cost test framework Emphasis on aid suggest making clear that the cost test is part of a larger public interest evaluation that the Commission undertakes, not sufficient by itself.	Agree	
RNW&CS	additional clarity on whether and how the cost test will be different than the ISP analysis envision the cost test as one of the tools informing and supplementing the ISP analysis and the broader public interest evaluation, with the ISP itself comprising additional analysis components (in addition to the cost test)	Agree with sentiment. I'm not sure if we'll need to provide more clarity, as the distinction between the ISP and the cost test will be more clear when they merge.	

Question 2:

The statute specifically requires the cost test be used for emissions reduction measures but allows it to be used for other purposes determined by rule. Staff proposes the cost test be used for all resources. This follows the National Standard Practice Manual For Benefit-Cost Analysis of Distributed Energy Resources principle of comparing resources consistently and is consistent with the requirement to use the cost test for comparing portfolios. Are there any reasons to limit the use of the cost test?

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Comments/Themes:

- Limit on which impacts to include to readily quantifiable ones.
- Flexibility

Party	Summary of Comment	Staff Response	Proposed Changes? If yes, see description.
PSE	PSE recommends limiting the use of the cost test to analyzing readily quantifiable costs at the portfolio level, to estimate the “lowest cost mix” of varying levels of emission reductions	Disagree. PSE calls out the “lowest cost” portion of the LRC definition. 1) You can’t arrive at the lowest cost of demand resources (or supply) without accounting for all benefits. 2) a LRC analysis includes various considerations that put parameters on “lowest cost mix”, such as considering risks on customers, which implies resilience and grid reliability, and 3) The cost test is for purposes of complying w/ state laws, which encompass things PSE is excluding, like resilience. Staff notes the definition of lowest reasonable cost in an ISP is different than for an IRP. The legislature added that an analysis “must consider long-term costs and benefits” and “security of supply.” These additions must be considered in a LRC analysis. Note NSPM symmetry principle	
PSE	The cost test would estimate these costs, for all	Agree.	

	resources in a given portfolio, at the portfolio level		
PSE	Under this structure, public interest factors that are not readily quantified would still be explicitly considered, but outside the confines of the cost test. In addition, the Commission and PSE would retain flexibility to conduct sub-portfolio-level analysis using various pre-existing resource-specific tools, such as those set forth the DER NSPM, without being unduly constrained by a test designed to assess cost impacts at the portfolio level.	Partially agree. All quantifiable impacts should be in the cost test, and PSE should work on quantifying those that aren't, but should be.	
PSE	Wants rules to have flexibility. Wants cost test to focus on informing decisions in context of the overall ISP process, rather than individual resource decision. "There is no comprehensive model that can integrate decisions on demand-side, supply-side, and delivery system solutions in one set of simultaneous equations."	Agree on flexibility. Agree that the cost test is for determining a lowest cost portfolio.	
AWEC	AWEC understands that by applying the cost test to each ISP portfolio, the cost test would implicitly be applied to all resources in the portfolio. However, some resources may be impractical to incorporate into a cost test, and the large combination utility should have sufficient flexibility to adjust treatment of impractical resources appropriately while maintaining the goals of the cost test.	Agree that the cost test should allow for flexibility. Unclear on what resources may be impractical.	
NWEC	No comment.	N/A	
RNW & CS	our understanding is that the cost test would inherently apply to all resources	N/A	
RNW & CS	The latter may also require a definition of an emission reduction measure.	There is a definition in the ISP rules	

Question 3:

The draft cost test rules are intended to capture the impacts (including both costs and benefits) that must be considered when determining whether a portfolio is the lowest reasonable cost and whether an ISP is in the public interest, while providing significant flexibility.

- Are there any necessary impacts missing from the draft cost test rules?
- Alternatively, are there any currently listed impacts that should not be included in the draft rules? If yes, please explain why the cost test should not consider each impact identified.

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Comments/Themes:

Party	Summary of Comment	Staff Response	Proposed Changes ? If yes, see description.
PSE	Interprets RCW 80.86 as already requiring analysis of impacts listed. Includes redlines detailing how they should be applied.	N/A Deletes to only include forecasted rates, and societal costs, including large combination utility revenue requirements, customer equipment costs, and greenhouse gas externality costs (the social cost of greenhouse gases).	Yes.
PSE	These factors, some of which are listed in staff's draft cost test rules, are thus embedded in the utility customer rate impacts and societal cost outputs of the cost test.		

	Other factors listed in staff's draft rules are already required to be addressed in the public interest evaluation required by RCW 80.86.020.		
AWEC	both rate impacts and bill impacts to customers on a planning basis must be presented for each customer class (i.e. residential, commercial, industrial) in order for stakeholders and the Commission to understand the impacts of each portfolio and in order for the Commission to meet its obligation to ensure that an approved ISP results in a "reasonable cost to customers." A single overall average impact is not sufficient to ensure that the plan is in the public interest for all customer classes	Agree that average rates, esp. that encompass all customer classes, for example, aren't helpful for a holistic understanding. I think this topic could be fleshed out in order. Includes rule change proposal to emphasize rates will be for each customer class – unsure.	Yes
AWEC	the cost test should have two components: a planning cost test and a customer cost test. The customer cost test should function to ensure that customers do not experience unfair cost burdens and moderate cross-subsidization between electric and gas service as PSE seeks to decarbonize its system	Unclear	
AWEC	Rate impacts to customers should be at the forefront of the Commission's consideration when considering an ISP. As discussed below and reflected in AWEC's redlines to the draft rules, AWEC recommends that incremental, individual customer class rate impacts be limited to 4% on a forecast basis for each ISP planning period. This means that if any rate class is anticipated to experience an incremental impact of at least 4%, then the PSE must identify options that would reduce incremental impacts to 4% or less.	Partially agree. I think rates are a crucial consideration, but not the only one or the sole purpose of the cost test. Otherwise, it would've been called a rate impact analysis. I think that limits on incremental rate changes is beyond the scope of this rulemaking.	
AWEC	Customer Cost Test rule proposal:	Unclear	Yes

	Customer Cost Test. The ISP shall include a base case scenario developed using traditional planning methods. The base case scenario shall not include incremental costs associated with implementing RCW 80.86.020. If the rate impacts associated with the preferred portfolio in the ISP are forecast to be a cumulative 4% or greater over the plan period for any customer class, the large combination utility must identify in its ISP options that would allow the Commission to approve an ISP with an amended preferred portfolio that results in forecast rate impacts to each customer class that are no more than 4% greater than the base case scenario over the plan period.		
AWEC	Proposes redline edits to Economic Development impact: Washington State Economic development net of Washington State Economic Losses associated with the impact of increased utility rates on consumer spending and business investment. If not included, proposes removing impact because plain language interpretation would be to evaluate the positive impacts of utility investment, without balancing with the negative impacts of higher rates.	Unsure	Yes.
NWEC	Does not identify additional impacts. Comments that the cost test rules broadly align with	N/A	

	HB 1589.		
RN & CS	RNW and CS appreciate the importance of the listed impacts. However, we also recognize the difficulty of developing a tractable calculation for all these impacts Decision to include cannot be totally independent from the consideration of how they will be qualified; Concern about monetization. RNW and CS will continue to provide input as the Commission works through this process, and we are looking forward to further discussion on the topic.	Agree w/ concerns.	

Question 4:

The draft cost test rules provide guidance on how the cost test shall be applied to the long-term planning and implementation planning requirements. Are these identified applications clear and appropriate?

☐ Comments/Themes:

Party	Summary of Comment	Staff Response	Proposed Changes? If yes, see description.
PSE	Generally agrees with Applicability. Except for below.	N/A	
PSE	Propose deleting the requirement to apply the cost test to resource targets.		Proposal to delete

	Understands RCW Ch. 80.86 to require the cost test be applied to assess cost impacts of <u>different levels of portfolio-level emission reductions</u>. Therefore, for the purpose of a cost test, targets are more appropriately analyzed within the context of emission reductions themselves. Specifically, it is <u>not appropriate or sensible</u> to apply the cost test to targets established in RCW Ch. 19.405 (CETA). These targets are set forth in a separate statute applying to all utilities and are not directly related to the ISP cost test.		
PSE	Proposes deleting the requirement that PSE apply the cost test to demonstrate that the ISP is in the public interest. Asserts the cost test and public interest evaluation are separate exercises. Concedes the cost test and public interest are complimentary.	Disagree. The cost test must be used to show the ISP is in the public interest. Where more is needed the Company can provide additional info as needed.	PSE's proposed redlines attempt to clarify the interaction between these distinct statutory provisions
AWEC	AWEC is generally comfortable that the draft cost test rules, as amended by AWEC, would provide sufficient guidance on how the cost test shall be applied to long-term planning and implementation planning requirements	Disagree w/ proposed redlines. For (a), I think it's important to clarify that the cost is applied to comply w/ state clean energy policy.	Yes.
NWEC	Each portfolio in the ISP planning process will need to have the cost test applied. Additionally, large combination utilities will apply the cost test to demonstrate that the ISP is in the public interest	N/A	
RN & CS	believe that the applicability section of the draft rules could be further developed to provide simple and clear directions on	Agree on all bullets	

	(a) the role of the cost test within the broader context of the ISP and the public interest evaluation, (b) the role of the cost test in ensuring compliance with all relevant state policies, and (c) the application of the cost test over a long-term planning horizon, consistent with the ISP's study period		
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Question 5:

There may be additional guidance useful to large combination utilities that may not be appropriate to include in draft cost test rules.

- Is there necessary guidance missing from the draft cost test rules? If so, what guidance is missing and why is it necessary?
For example:
 - a. Should the draft cost test rules provide more guidance on the applicability of the cost test, including, but not limited to, how the cost test shall be applied consistently in the development of a lowest reasonable cost portfolio?
 - b. Should the draft cost test rules provide more guidance on the costs and benefits to include in the cost test?
- Please identify what additional guidance might be useful for large combination utilities to receive from:
 - a. A technical advisory group,
 - b. An equity advisory group,
 - c. The public,
 - d. The Commission in a subsequent ISP order,
 - e. Other sources.

☐ Comments/Themes:

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Party	Summary of Comment	Staff Response	Proposed Changes? If yes, see description.
PSE	Provides redlines detailing what "public interest" is required by 80.86.020(11). Does not believe additional clarity is necessary	N/A	No.

	beyond this.		
PSE	Does not believe additional guidance will be required beyond the existing processes that will naturally occur after the final rules are published.	I think it's true that there will be continued engagement through the rulemaking, but we may want guardrails for ongoing communication, such as if an impact can't be quantified, then maybe outreach would be needed.	
AWEC	Additional guidance needed on what a "reasonable cost to customers" is. Proposes "customer cost test" component. Test includes a 4% threshold, such that if the lowest reasonable cost portfolio results in rate impacts to one or more customer classes of 4% or more, it should be altered.	Agree. I think the adoption order may benefit from guidance on rate impacts.	Yes.
AWEC	No additional guidance need for applicability.	(Applicability red lines addressed above).	Yes.
AWEC	Provides redlines amending cost/benefits section of cost test.	(Impacts redlines addressed above).	Yes.
AWEC	Existing advisory groups are sufficient.	N/A	No.
NWEC	Prefers more flexible guidelines regarding the applicability of the cost test, as well as how costs and benefits are assessed. NWEC highlights the iterative nature of the ISP process and emphasizes that the application of the cost test will adapt and evolve over time. The organization anticipates that the Commission will offer further guidance on applying the cost test and evaluating costs and benefits in upcoming orders.	N/A	
NWEC	Public interest standard outlined in the statute for HB	Partially agree. I think there needs	

	1589 is multifaceted. Recommends the Commission provide clarity on which aspects of the public interest are most crucial would benefit from input gathered through various channels, such as technical advisory groups, equity advisory groups, and direct engagement with the public.	to be a balance between all aspects of public interest and what can be monetized in the cost test.	
RN & CS	No additional comments	N/A	

Question 6:

The draft cost test rules propose two new definitions.

- Is the proposed definition of “resiliency” reasonable and adequate?
- Is the proposed definition of “security of supply” reasonable and adequate?

☐ **Comments/Themes:**

Party	Summary of Comment	Staff Response	Proposed Changes? If yes, see description.
PSE	Does not believe either term require defining.	N/A	
PSE	Both resiliency and security are already used in CETA, where neither term is explicitly defined. There are common-sense reasons for this lack of additional definition. Both terms have easily understood and accepted meanings in every day usage, with resiliency meaning the capacity to withstand difficulties and security meaning the protection from danger or threats. An attempt to further define these concepts by rule is unnecessary	Disagree that because they are used in a CETA context w/o official definitions they wouldn't benefit from being defined now. Disagree that both terms have everyday understood and accepted meanings. Disagree that defining these terms would lead to “over prescription”	

	and may result in overly prescriptive rules.		
PSE	Recommends “modifying” the terms in a process that includes all utilities subject to CETA instead of defining them in an ISP rulemaking only applying to PSE.	Agree	
AWEC	AWEC does not believe that either “resiliency” or “security of supply” need to be defined for purposes of the cost test rules. AWEC is concerned that being prescriptive in defining these terms will not serve to aid in implementation, given the commonsense meanings of these terms and the use of the same or similar terms in CETA but could cause unnecessary constraints as the attributes of resiliency and security evolve with the industry.	Partially agree. I think it might not be appropriate to define these terms here. However, I don’t think that a “common sense” meaning of these terms is sufficient, or even agreed on by all groups.	
NWEC	Resiliency: NWEC recognizes the critical importance of defining resiliency. NWEC suggests broadening the definition to incorporate community resilience criteria. NWEC’s proposed additions aim to create a more comprehensive understanding of resilience, emphasizing the need for a holistic approach.	Agree.	
NWEC	NWEC recommends the definition of security of supply be established in a separate proceeding. To decarbonize Washington’s energy system, large combination utilizes will play a crucial role in procuring a wide variety of clean energy resources to meet load. In this clean energy transition, the acquisition of out-of-state renewable resources will lead to system-wide cost reductions and lower renewable generation curtailments.	Agree.	
RN & CS	Resiliency: No feedback. Security of supply”: Groups risks that are different. For example, Montana wind power is subject to concerns of non-dispatchable supply, captured within the reliability metric. However, natural gas imported	Unclear. However, I don’t think we will define these terms here.	

	from locations including British Columbia and Alberta, is subject to additional risks, including pipeline risks (that could be captured within the reliability metric), but also exposes ratepayers to risks associated with international politics. Seconds PSE's comment that "the bifurcation of in-state versus out-of-state resources could harm customers by hindering the integration of the bulk electric system across North America" reflects a valid concern and merits consideration. RNW and CS are concerned that a metric that benefits in-state electricity is not necessarily aligned with the overall objective of an efficient integrated electric system.		
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Question 7:

During the second technical conference, hosted on Friday, December 13, 2024, PSE presented an overview of its current modeling practice and how it envisions using a cost test to develop a lowest reasonable cost portfolio.² Are there any changes or modifications required to the draft cost test rules to allow for the stages and overall process proposed by the Company? If so, please explain the changes or modifications and why they are necessary.

☐ **Comments/Themes:**

Party	Summary of Comment	Staff Response	Proposed Changes? If yes, see description.
PSE	Believes these comments/redlines consistent w/ their presentation	N/A	
AWEC	Not aware of any changes or modifications necessary to allow for the stages and overall process proposed by the Company.	N/A	
RN & CS	no proposed modifications	N/A	

Question 8: What else, if anything, should the Commission consider in the design of the cost test rules?

□ Comments/Themes:

Party	Summary of Comment	Staff Response	Proposed Changes? If yes, see description.
PSE	Believes cost test should not constrain, be a tool for Commission to evaluate ISP... envisions this tool as providing portfolio-level cost impacts for portfolios with differing levels of emission reduction, decarbonization, and electrification, including electrification for low-income customers		
AWEC	Advocates for rules that are flexible and facilitate consideration of rate impacts to each customer class more explicitly.		
AWEC	Wants rules to be clear that overall rate and bill impacts, or rate and bill impacts for only a subset of customer classes, will not be acceptable RCW 80.86.020(11)(g)(iii) is about costs to customers, which necessarily includes consideration of costs for each customer class (i.e. residential, commercial and industrial).		
RN & CS	Believe it would be helpful to more clearly articulate the test's purpose and objectives within the broader context of the ISP. Proposes discussion of purpose could be included in the draft rules or explained in the Commission's order approving the rules.	Agree. Added language of purpose to draft rules. I also think the rules will be expanded on in the adoption order.	

Docket U-24081
ESHB 1589 Implementation Rulemaking
Summary of Comments on the Draft Rules 2
Comment deadline: February 20, 2025

Commenters:

- Third Act Washington, Washington Clean Energy Coalition (WCEC)
- Washington Physicians for Social Responsibility (WPSR)
- Renewable Northwest (RN), Climate Solutions (CS), NW Energy Coalition (NWECC), and Rewiring America (RA)
- Alliance of Western Energy Consumers (AWEC)
- The Energy Project (TEP)
- Devon Kellogg
- Donna Albert
- Puget Sound Energy (PSE)

General Comments

Comments Themes:

- PSE Public Participation Process - Meetings should be returned to more open format, allowing for more discussion and more public engagement. UTC should develop membership criteria to allow for more public membership in the RPAG.
- I-2066 - The draft rules require more specificity in light of passage of I-2066.
- Health Concerns Regarding Natural Gas, Renewable Natural Gas, and Hydrogen, and Health Equity Considerations in Cost Test Framework.
- Draft Rules Considerations That Are Not Addressed Through the Commission's Questions.
- Other definitions not addressed in questions have been suggested.
- Draft Rules Should Implement More Thorough Consumer Protection Practices.
- Commission Should Not Rely on Cost Test to Ensure the Achievement of Policy Goals.
- Assessments and Scenario Analyses - Suggest more specific stated requirements.

- Utility Reiterates Several Previous Comments
- TEP should be optional; suggestions of more streamlined organization; establishment of emissions reduction targets is not required; more clarity and flexibility of rules is necessary; unnecessary and cumbersome requirements create regulatory inefficiencies; and PSE should be exempt from several reporting requirements as part of compliance with ISP rules.

Party	Summary of Comment(s) - General	Staff Response	Redlines
Third Act WA, WCEC	<i>WAC 480-95-040 Assessment of resources & delivery system:</i> <i>As described in our previous comments, we believe an assessment and mapping of all technically feasible potential power from wind, solar and other renewables within and in close proximity to the utility's service area should be required by the rulemaking. This assessment is essential in order for UTC to judge whether adequate efforts are taken by the utility to meet both the emissions reduction requirements of HB 1589 (80.86 RCW) and the clean energy requirements of the Clean Energy Transformation Act.</i> <i>Both RCW 80.86.020 (5)(d) and WAC 480-100-620 (11)(e) specifically require evaluation of renewable resources. The draft rulemaking includes a brief subsection (4) requiring assessment for integrating renewable resources (listing storage methods and overgeneration events), but not for assessing the renewable energy sources themselves or the potential for acquiring them. Assessing the potential for renewable nonemitting resources is essential to the goals of the decarbonization act, RCW 80.86, that this rulemaking is intended to implement.</i>	Staff believes these concerns are addressed by 480-95-040(2) though "...the assessment and 20-year forecast of the availability of and requirements for regional supply side resources..." and subsequent requirement in the proposed rule to meet "the state's greenhouse gas emissions reduction limits in RCW 70A.45.020". Staff does not view this as a cross-cutting requirement as the assessment is a result and does not meet the criteria outlined in proposed WAC 480-95-030(1).	No

	<i>This assessment might also be included in the current draft's WAC 480-95-030 "Cross-cutting assessment and planning requirements" section, since the assessment should be done prior to development of modeling scenarios</i>		
Third Act WA and WCEC	RE: WAC 480-95-050 Content of an integrated system plan – long-term section <i>To be consistent with RCW 80.86.020 (4)(c) and (d), add the following to WAC 480-95-050 (1):</i> <i>(c) Load forecast scenarios that include the effect of electrifying gas loads, in order to include the effects of emission reductions for both gas and electric systems, and account for the interactions between gas and electric systems.</i>	Staff declines to accept this suggestion as written. Staff views this change as unnecessary, proposed WAC 480-95-050(1) requires forecasts that take into account "...changes in the number, type, and efficiency of customer usage." The word "type," and the fact that this applies to both "electricity and natural gas demand" is probably enough to suggest they need to be looking at how electrification impacts their load forecasts.	WAC 480-95-050
Third Act WA, WCEC	RE: WAC 480-95-060 Content of an ISP – Implementation Section <i>This section includes primarily requirements of the Clean Energy Transformation Act, which applies only to the electric utility. However, the wording is often unclear as to which utility, gas or electric or both, specific requirements apply. For example, the Clean Energy Action Plan applies only to the electric utility under the statute, but this is not stated.</i> <i>Of particular concern is that the specific targets of draft WAC 480-95-060 (3)(a)(i), (ii) and (iii) all apply only to the electric utility. Then (3)(a)(iv) Emissions reduction follows, but it is not evident that this emissions reduction requirement also applies to the gas utility. While interim targets are explicitly required for electric nonemitting and renewable sources under WAC 480-95-060 (2) (b), there is</i>	Staff clarifies the language in WAC 480-95-060(3)(a)(i), (ii), (iii), and (iv) to be more explicit as to which parts of a LCU's electric and gas plans these subsections apply to. Staff declines to explicitly list the requirements established in RCW 70A.45.020. Staff believes that the link to the commanding RCW is sufficient in rule.	No

	<i>only a reference to RCW 70A.45.020 under (3)(iv) that the reader must understand requires gas utility emissions reductions as well as electric, and also requires interim reductions, albeit different from those of the electric utility.</i> <i>The requirements for incremental GHG emission reductions of 45% (below 1990 levels) by 2030, 70% by 2040, and 95% percent/net zero in 2050 per RCW 70A.45.020 should be listed explicitly here, so that the public, as well as the regulated utilities, understand the requirements clearly. The requirement for reductions of the gas utility's GHG's that are proportional to the above and at the time intervals required by RCW 80.86.020 (4)(c) and (11)(g)(i) may not be apparent unless these are spelled out in the rulemaking.</i>		
Third Act WA, WCEC	WAC 480-95-080 Procedures <i>We suggest adding the following under (1) Public Participation:</i> <i>(c) Engage the required range of expertise needed to meet all requirements. The utility shall propose, for approval by the commission, a procedure for members of the public and community-based organizations to volunteer services and be selected for advisory group issues or types of expertise as determined by the utility or the Commission. The Commission reserves the right to review the selection of advisory committee members and to reject members selected by the utility and select alternate volunteering members.</i> <i>(d) Provide reasonable opportunity and resources for the public to meaningfully engage in the planning process. During development of the ISP, meetings of ISP advisory groups shall be open to the public, held in person and online, and publicly announced</i>	Commission Staff recommends against incorporating redline (c). on procedures. It is not appropriate for the Commission to pick who can or cannot be on an advisory group nor does the Commission have legal authority over group membership. The Commission will impress on the Large Combination Utility to use an independent 3rd party facilitator to vet and work with the LCU to select advisory group members. Commission Staff may provide input or flag processes it thinks are conducive to advancing public participation. Staff declines to accept suggested subsection (d). Staff views this suggestion as duplicative of the requirements in WAC 480-95-080(2) and WAC 480-95-080(5)(f) and (g). Staff believes the proposed edits are	WAC 480-95-080

	<i>sufficiently ahead of time for public attendance. The utility shall prepare agendas in advance outlining topics for each public meeting including clear instructions on how members of the public may submit oral or written comments. During each meeting, public attendees shall be allowed to ask questions, provide suggestions, and interact directly with PSE staff and advisory group members for a reasonable amount of time.</i> <i>(e) Solicit and consider public input on each ISP draft. After each draft of an ISP is released, the utility shall hold public meetings to consider written and oral comments from the public. The commission shall review and approve a utility's public meeting plan for each ISP draft, including a schedule and allotted times for meetings, procedures for responding to public comments, an initial list of topics for which the utility will solicit public input, and other information as needed to obtain public input for successful implementation of the ISP.</i> <i>We suggest adding the redlined text below into the draft text under (3) Data disclosure:</i> <i>(a) The large combination utility must file its modeling data inputs with the commission in native format per RCW 19.280.030 (10)(a) and (b) and in an easily accessible format as soon as they are reasonably available during the integrated system plan developing process. <u>Customer usage data filed as an input should be aggregated to remove customer personally identifiable information, or at a minimum pseudonymized to remove direct customer identifiers.</u></i> <i>...</i> <i>(c) The large combination utility must provide any</i>	too prescriptive for rule. The Commission may give more specific direction in line with what is suggested here in its rule adoption order. Staff encourages members of the public to express concerns to the Commission should it feel that an advisory group does not adequately engage in meaningful public participation. Staff recommends against inclusion of subsection (e). Staff views it as duplicative of the requirements in proposed WAC 480-95-080(2) and WAC 480-95-080(5)(f) and (g). Staff disagrees with suggestions to change 480-95-080(3)(a) & (c) there is nothing that indicates that PSE is at risk of distributing data within its planning model that would personally identify a customer.	
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	confidential inputs, outputs, and any associated modeling files in native format and in an easily accessible format to commission staff and <u>all</u> interested parties who have signed a confidentiality agreement or nondisclosure agreement <u>which includes a commitment to not attempt re-identification of customer personally identifiable information.</u>		
WPSR	We are writing to emphasize the need for the Washington Utilities and Transportation Commission (UTC) to fully integrate public health impacts into its cost test framework under ESHB 1589. The current approach risks failing to account for the well-documented health harms of gas combustion, particularly for Washington’s most vulnerable residents. Health Impacts of Continued Natural Gas Use As the January 5, 2024, Health Impact Review of ESHB 1589 by the Washington State Board of Health states, “Natural gas distribution and use contribute to poor indoor and outdoor air quality and contribute to a myriad of negative health outcomes.” ... These harms must be explicitly accounted for in cost-benefit analyses.	Staff believes the cost test rules in WAC 480-95-030(6) indicate all relevant health and safety impacts will be considered as part of the cost test.	No
WPSR	Ensuring Health Equity in Cost Test Frameworks The Straw Proposal’s cost test guidance does not provide a clear mechanism to incorporate health impacts. UTC must: 1. Require that health impacts be quantified rather than considered as qualitative factors. 2. Use public health data to assess medical costs associated with fossil fuel-related illnesses. 3. Reject the assumption that current pollution levels are an acceptable baseline. The cost test should reflect zero additional harm as the standard.	Staff believes the rule as written will keep the flexibility for multiple ways to incorporate health impacts, leaving room for an iterative approach for how impacts are measured. In general, while staff agrees that most of these impacts are important, Staff does not believe it is necessary for rules to get into this level of granularity.	No

	<i>4.Ensure alignment with Washington’s greenhouse gas reduction and health equity mandates under RCW 70A.45.020 and RCW 19.405.140.</i>	Staff declines to accept suggestion 3 as the emissions baseline is set in RCW 80.86.010 Staff declines to change this rule as it is aligned with state requirements.	
WPSR	Concerns with RNG and Hydrogen as Decarbonization Pathways <i>Renewable natural gas (RNG) and hydrogen blending have been proposed as alternatives to fossil gas. However, these fuels do not eliminate the health risks associated with combustion...</i> <i>UTC should ensure that any cost-effectiveness evaluation fully accounts for the continued health risks associated with fuel-based heating and cooking and does not treat RNG or hydrogen as equivalent to electrification.</i>	Staff agrees. Staff believes that health and safety concerns are addressed in Cost Test section of these rules.	No
WPSR	Health and Resilience Considerations <i>Current reliability and resilience metrics focus only on grid operations, without considering the health and safety of customers. For vulnerable households, resilience means:</i> <i>• The ability to safely endure power outages without exposure to indoor air pollution.</i> <i>• Lower chronic disease burdens that reduce vulnerability during climate-related disasters.</i> <i>• Avoidable healthcare costs associated with fossil fuel pollution.</i> <i>UTC should expand its definition of resilience to include public health and community safety outcomes, not just utility service reliability.</i>	The Commission declines to define resilience (or security of supply) in rule at this time. These terms apply to all utilities, and therefore it would be inconsistent to establish definitions pertaining solely to large combination utilities and without greater public input from all utilities. These terms can be better understood and defined in later rulemakings, policy statements, or advisory groups that have a more granular and nuanced focus.	No
WPSR	<i>To ensure that Washington’s energy transition prioritizes health and equity, UTC should:</i> <i>• Require the explicit measurement of health impacts in all cost-benefit analyses.</i>	Staff agrees. Staff believes that health and safety concerns are addressed in Cost Test section of these rules	No

	• <i>Prioritize electrification over combustion-based alternatives like RNG and hydrogen.</i> • <i>Ensure that cost-effectiveness calculations account for the ongoing public health burden of fossil gas.</i> <i>A transition away from methane gas is a public health imperative.</i>		
RNW, CS, NWECA, RA	<i>Our overall impression is that the Commission's second draft is an improvement upon the first.</i> <u><i>General Comments & Recommendations:</i></u> <i>1. The Commission should define voluntary electrification consistent with our proposed definition.</i> • <i>Add a new definition for voluntary electrification, which means the installation of electric end-use equipment by a customer who chooses to replace or supplement end-use equipment that uses natural gas or other delivered fuel, such as propane or heating oil, as its primary source.</i> • <i>Voluntary electrification programs refer to the incentives, rebates, financing, technical assistance, education, direct installation, and/or maintenance offerings for customers who choose to participate in voluntary electrification. Voluntary electrification programs may include hybrid heating systems and projects to upgrade electric service infrastructure to enable the adoption of electric technologies. Voluntary electrification programs may additionally pair the installation of electric end-use equipment with weatherization, conservation, efficiency, and demand response and load management measures.</i>	Rule defines electrification but not voluntary. Staff find that it may be premature to define this term in rule. Instead Staff finds it prudent to maintain flexibility as we watch this term applied in the real world. If we define the term now, there is a risk of defining it too narrowly.	No
RNW, CS, NWECA, RA	<i>2. Emissions Reduction Planning Requirement</i> <i>...we are supportive of this new cross-cutting section. We are also supportive of a requirement for the large</i>	Staff believes that requiring <i>each specific action</i> within a plan, scenario, sensitivity or portfolio to show	WAC 480-95-030(6)

	<i>combination utility to demonstrate that the resources, investments, and actions in the utility's portfolio are helping the utility achieve the state's emissions reduction goals.</i> <i>We interpret the Commission's requirement to mean that the utility must show how the resources, investments, and actions achieve the state's policy goals, on a granular level, for each portfolio. Said another way, the assessment must be able to quantify the emissions reduction impacts attributable to a specific resource, investment, or action. We appreciate the Commission's recognition of the state's emissions limits in RCW 70A.45.020 as a modeling optimization goal. We also recommend the Commission require the large combination utility to demonstrate, on a granular level, its compliance with other relevant state emissions reduction limits, including 70A.65 RCW and 19.405 RCW.</i> <i>Modify (030)(6) Emission reduction planning requirements. In developing the long-range system plan and action plans, a large combination utility shall include <u>provide a granular</u> analysis of how different <u>each scenario, sensitivity, portfolio, as well as any action plan and specific</u> and actions contribute to achievement of emissions reductions for both gas and electric operations <u>including:</u> <u>(a) equal to at least their proportional share of emissions reductions required under RCW 70A.45.020,</u> <u>(b) complies with the large combination utility's obligations in 70A.65 RCW, and</u> <u>(c) complies with the large combination utility's obligations in 19.405 RCW.</u></i>	contributions toward overall emissions reductions is too granular an approach. Rather, the portfolio as a whole must comply with requirements. As an example, a single action might be associated with proportionately higher emissions, but so long as that specific action is part of a lowest reasonable cost portfolio, the ISP complies.	
RNW, CS, NWECA, RA	3. Each Scenario and Sensitivity should demonstrate how the portfolio complies with state emissions reduction goals and requirements	Staff disagrees that all scenarios and sensitivities must comply with all regulatory requirements and state	WAC 480-95-050(4)

	<i>We recommend the Commission modify (050)(4) scenarios and sensitivities to explicitly require the utility's analysis to demonstrate how the resulting portfolio complies with regulatory requirements and state policy goals.</i> • <i>Add (050)(4)(x) "unless otherwise required by statute, or to test the impact of a specific resource, investment, or action, all scenarios and sensitivities must comply with all regulatory requirements and state policies."</i>	policies. In addition to being overly burdensome, there may be instances, for example, where "what-if" scenarios and sensitivities should explore requirements and policies not currently in place.	
RNW, CS, NWECC, RA	4. The Commission should require all scenarios and sensitivities to forecast gas plant capital investments <i>We appreciate the recognition that the large combination utility's gas plant's forecasted additions and maintenance/repair costs are important for understanding the costs, benefits, and risks of the utility's service. In particular, we appreciate that the draft rules focus on the need for the utility to provide sufficient information about the timing, location, and impetus for the location and costs of gas plant investments.</i> <i>...we agree with the Commission that it is necessary for the Company to provide information about gas plant forecasted additions and maintenance/repair costs in its CEAP. We think the Commission should similarly include the requirement to identify capital expenditures and investments by category for all the utility's scenarios and sensitivity runs.</i> <i>We also recommend that the Matrix of Results in (050)(7)(a) include the resulting gas plant expenditures by investment category. We agree, however, that the Company only needs to identify the requirements of (060)(1)(j)(ii) in the CEAP.</i> • <i>Add a new requirement after (050)(2) Resource Evaluation, that requires the utility "identify the gas plant capital expenditures and investments by category," and</i>	Staff disagree with the recommendation to require each large combination utility to identify capital expenditures and investments by category for all the utility's scenarios and sensitivity runs. Each scenario and sensitivity is intended to control for various inputs and changing factors, and it would be inappropriate to limit the outcome of each scenario and sensitivity in such a way. Staff believe that the Decision Framework (formally the Matrix of Results) should include all utility system impacts. Included within those impacts is gas plant expenditures by investment. Staff disagree that specific cost categories of be detailed in rule.	WAC 480-95-050 WAC 480-95-060

	Require the Matrix of Results in (050)(7)(a) to include the resulting gas plant expenditures by investment category.		
RNW, CS, NWECA, RA	5. The renewable resource integration assessment should be modified to clarify that the assessment should examine all forms of commercially available energy storage, not just battery storage. Recommendation: The Commission should modify (040)(4) accordingly, “An assessment of methods, commercially available technologies, or facilities for integrating renewable resources including, but not limited to, battery storage and pumped storage short-, medium- and long-duration energy storage technologies, and addressing overgeneration events, if applicable to the large combination utility’s resource portfolio. The assessment may address ancillary services.”	Staff declines to implement this suggestion. Staff will not be making any changes to definitions taken directly from statute.	WAC 480-95-040
RNW, CS, NWECA, RA	6. Continue to develop meaningful public participation procedures and strengthen advisory groups - Modify WAC 480-95-080 Procedures (1)(a): Consider, With input from existing advisory groups, whether expand advisory group membership are given the scope of the integrated system plan - Add (c): The Commission shall continue to improve upon and monitor the effectiveness and make-up of advisory groups and public input in the ISP process, including but not limited to, the accessibility for meaningful public participation, meeting the range of expertise needed, and overall moving forward procedural equity and justice	Staff disagrees with the addition of subsection (c), this will be otherwise clarified in order. Commission Staff is a member of these advisory groups and actively monitors their effectiveness. Commission Staff will impress on the LCU to use an independent 3rd party facilitator to vet and work with the LCU to select advisory group members. Commission Staff may provide input or flag processes it thinks are conducive to advancing public participation. Advisory Group members and members of the public are welcome to come to the Commission to express concerns with involving advisory groups. As noted elsewhere, the	WAC 480-95-080

		Commission does not have legal authority over advisory groups. Staff agrees to amend rule language in proposed WAC 480-95-080(1)(a) in line with the suggestion. In lieu of the suggested edit, Staff's edit replaces "new" with "additional". Expand advisory group membership is more explicitly stating that the scope of the ISP may think the addition of members is warranted whereas "whether new advisory group members are needed..." implies the rule is giving the LCU permission to remove members to make room for new members.	
AWEC	1. Emissions Reduction Requirements. <i>AWEC continues to have strong concerns with draft ISP rules that require the establishment of emissions reductions specific targets. As AWEC has previously stated in its October 21, 2024 comments and subsequent oral comments, the Washington State Decarbonization Act for Large Combination Utilities is a planning-focused Act, and does not require the establishment of, or commitment to achieve, specific emissions reduction results. Additional edits to the draft rules are necessary in order to ensure that the draft rules appropriately implement RCW 80.86.020 requirements.</i>	Staff agree that the plain language suggests that these are enforceable, a plan by itself does not "achieve" anything and these subsections require a very complicated analysis of technical and commercial feasibility. It would be strange if these were not enforceable in any way. Staff recommend including these as planning requirements with associated enforceable targets. Planning without any intention of implementing it would be inconsistent with good planning practice.	No
AWEC	2. Demonstrated compliance with the Climate Commitment Act ("CCA") in establishing Interim Targets and Specific Actions. <i>WAC 480-95-060(2)(a)(iii) requires PSE to propose a series of interim targets that "[d]emonstrate compliance with state laws and policies</i>	Staff agrees that PSE should comply with all applicable state laws. Staff highlights compliance with the CCA because of its <i>potentially</i> outsized effect on resource planning and	No

	<i>including, but not limited to, the Climate Commitment Act chapter 173-446 WAC.” WAC 480-95-060(5), related to Specific Actions, refers to the CCA as “affecting energy planning.”</i> <i>AWEC is unclear on the intent behind specifically identifying the CCA in WAC 480-95-060(2) and (5). As a general matter, PSE’s ISP should comply with all applicable state laws. The inclusion of compliance with the CCA in the context of interim targets and specific actions seems to suggest that either Staff or the Commission (or both) have an interpretation of how the CCA should elicit specific utility compliance actions, but that interpretation is not clear to AWEC at this time. As such, additional explanation is necessary regarding the rule’s intent, particularly given the demonstrated, sometimes disparate interpretations of CCA compliance among participants before the Commission on CCA requirements specifically on the gas side. Any interpretation and/or policy that the Commission intends to adopt regarding CCA compliance requirements through these rules needs to be clearly discussed and stated in order to allow for robust participant engagement on this issue.</i>	resulting implementation targets, especially when integrating the gas and electric system plans., This rule does not presuppose any particular compliance actions and expect the utility to comply with the CCA at the lowest reasonable cost.	
AWEC	3. Electrification achievement. WAC 480-95-070(1) and (3) contain requirements about reporting on electrification achievements. Inclusion of this requirement as a reporting requirement suggests that the ISP is intended to, or should, achieve some amount of electrification. There is no such requirement in RCW 80.86.020. <i>AWEC does not object to PSE reporting on its electrification efforts outside of a compliance filing, but does not believe that such a requirement is appropriate in this section of the ISP rules.</i>	Staff disagrees with the first point, Staff does not believe the requirement to file a report is the same as the requirement that a large combination utility should achieve something. Staff disagreement with point one renders the second point moot.	No
AWEC	4. Projected Rate Impacts of Specific Actions. AWEC	Staff disagrees that the rules should	WAC 480-95-

	<i>supports the inclusion of a requirement for the ISP to include projected rate impacts for all modeled scenarios and key sensitivities in WAC 480-95-050(7)(iv).</i> <i>Inclusion of projected rate impacts was a key issue in AWEC's October 21, 2024 comments and AWEC is appreciative of the recognition that rate impacts are necessary to include given the requirements in RCW 80.86.020(11)(g)(iii). However, ISP rule language should clarify the level of granularity required for rate impact information. The rule could be read to allow overall rate impacts at the portfolio level, which is not sufficient for the Commission to determine whether the ISP "results in a reasonable cost to customers."</i> <i>• If the Cost Test portion of the rules include AWEC's requested rate impact information by general customer class (i.e. residential, small commercial, large commercial, small industrial, large industrial by fuel type), then a requirement that cost test results be included in the matrix would be a streamlined and efficient way to ensure that the Commission has the information required by statute to make its public interest finding.</i> <i>• If the Commission declines to include more granular rate impacts as part of the cost test, then additional rule language is necessary in WAC 480-95-050(7)(iv), which should read:</i> <i>(iv) Projected rate impacts <u>of each specific action, program and investment on customers, by residential, small commercial, large commercial, small industrial and large industrial classes.</u></i>	require rate impacts by customer class or beyond the portfolio level. The cost test requirements in statute are at a portfolio level, and the lowest reasonable cost portfolio, and balancing multiple competing public interest requirements, might involve higher rates associated with certain classes, actions or sensitivities. Though approving an ISP might require an understanding of rate impacts even beyond the portfolio or customer class level (e.g. to low-income/named communities), Staff believes the specifics of this granularity are best left to further discussion (i.e. outside rule), given administrative burden. Staff disagree with the recommendation that each large combination utility should project the rate impacts for each specific action, program, or investment, based on customer class. Each LCU will consider hundreds of combinations of action, program, or investments across various resource types. Consideration of rates for multiple customer classes across multiple actions, programs, or investments would be administratively complex, if not impossible. Staff note the concern regarding rate impacts on different customer classes. Staff believe the inclusion of rate, bill, and equity considerations should	050(7)(iv)
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		adequately allow for an analysis of and final determination on a portfolio that balances multiple competing interest.	
AWEC	5. Clarification of Statutory Requirements. <i>Regarding WAC 480-95-060, AWEC is concerned that the draft rules appear to have extended Clean Energy Transformation Act's ("CETA") Clean Energy Implementation Plan ("CEIP") requirements to the ISP elements included in RCW 80.86.020(4). Because CEIP requirements are distinct from ISP requirements, CEIP requirements should not apply to non-CEIP elements that must be included in the ISP.</i>	An ISP may consider the requirements in RCW 19.405.060 which includes the CEIP. That should be consistent with 80.86.020(4)(a).	No
AWEC	6. Definition of "implementation period." <i>AWEC recommends deleting the definition of "implementation period" set forth in WAC 480-95-020(29) in its entirety, or alternatively to amending the language to clarify that the implementation period begins after Commission approval of an ISP. AWEC finds it problematic to have an implementation period start directly after a plan is filed, which necessarily includes time between when a plan is filed and when it is approved. This creates uncertainty for specific utility actions undertaken prior to Commission approval, is administratively inefficient, and may lead to increased costs to customers.</i>	Staff disagrees with the proposed change. Staff believes the implementation period starts when the ISP is filed. Staff believes this is reflective process in which the IRP is filed and the CEIP is subsequently filed.	WAC 480-95-020(29)
AWEC	7. Report on Progress. <i>WAC 480-95-050(10) contains a requirement that PSE report on its progress "towards implementing the recommendations contained in its previously filed integrated system plan." The rule goes on to clarify the recommendations that must be addressed, which include "suggestions provided by public commenters, advisory group members, commission staff, or other stakeholders that were not or could not be, fully addressed in the previously filed integrated system plan filing."</i>	Staff agrees and accepts this change. Staff recommends the Commission issue guidance regarding the incorporation of feedback from interested parties within the ISP in its adoption order.	No

	<i>AWEC is concerned that requiring PSE to report on recommendations and suggestions on a filed plan, as opposed to an approved plan, is unnecessarily confusing and may suggest that PSE's obligations extend beyond the contents of a Commission-approved plan. If the intent of this section is to ensure that PSE is engaging in public participation, this requirement is better addressed in the public participation section of the rules. AWEC does not support a requirement that PSE report on the progress for recommendations and suggestions by interested participants that are outside of an approved ISP for purposes of a progress report. Similarly, WAC 480-95-050(11) is also better addressed in the public participation section of the ISP rules.</i>		
TEP	<i>TEP suggests that the Commission modify the draft rules to include an additional consumer protection for the low-income electrification program and the use of standard form protective orders to govern the exchange of confidential data.</i>	Staff must decline this suggestion, it is Staff's view the Administrative Procedure Act clarifies that in order for the Commission to issue a protective order there first must be an adjudication issued.	See later sections
TEP	<i>I. The rules should codify consumer protections in Puget Sound Energy's existing low-income electrification program.</i> <i>Proposed WAC 480-95-060(5)(b)(ii) requires that the program provide a demonstrated material benefit to the participants and subsection (iii) requires enrolling customers in energy assistance programs, which are key consumer protections that TEP fully supports.</i> <i>TEP's primary concern with the low-income electrification pilot is that it has the potential to increase a participant's energy burden, and a customer may not understand or fully appreciate that potential outcome until they see higher bills.</i>	Staff would like more input into the feasibility of this suggestion. Staff will be including this in the latest draft of the rule subject to further inquiry.	WAC 480-95-060(5)(b)

	<i>To address this PSE and TEP agreed that each low-income participant would receive an individualized energy assessment. If the energy assessment shows an expected increase in energy burden for that household, PSE and TEP agreed that the program would obtain explicit customer consent that the installation will increase energy burden using a simple form with easy reading comprehension</i> <i>...add a subsection with lower case roman numerals to WAC 480-95-060(5)(b) that says:</i> <i>Evaluate if participation will increase the household's energy burden, and if so, obtain explicit customer consent on a simple form with easy reading comprehension.</i>		
Devon Kellog	<i>WAC 480-95-020 Definitions.</i> <i>(2) "Carbon dioxide equivalent" or "CO2e" means a metric measure used to compare the emissions from various greenhouse gases based upon their global warming potential.</i> <i>Add: over a 20 year timeframe.</i>	Staff declines to implement this suggestion. Staff will not be making any changes to definitions taken directly from statute. In this case, this definition comes from the Clean Energy Transformation Act.	WAC 480-95-020(2)
Devon Kellog	<i>WAC 480-95-060 Content of an integrated system plan – implementation section. (5) (b) (ii)</i> <i>Provide demonstrated material benefits to low-income participants including, but not limited to, decreased energy burden, the addition of air conditioning and backup heat sources using natural gas or energy storage systems, if necessary to protect health and safety in areas with frequent outages, or improved indoor air quality;</i> <i>Change the last part of the sentence to, "if necessary to</i>	Staff agrees, but the original language from this portion of the rule is directly from statute, therefore Staff must deny the good suggestion here.	WAC 480-96-060(5)(b)(ii)

	protect health and safety in areas with frequent outages, excessive heat, and/or poor air quality."		
Donna Albert	Although items such as safety and health costs may be included in a Cost Test, UTC must not rely on the Cost Test to ensure the achievement of policy goals such as greenhouse gas emissions limits, safety and health, and equity. The UTC must define a separate process for policy-driven analysis, independent of the Cost Test, to ensure overarching policy goals are implemented. The analysis from a Cost Test would be of no use if the results did not achieve overarching policy goals, such as greenhouse gas reductions required by law, public health protections, and equity. The rules for the Cost Test, and other guidance developed by UTC to implement ESHB 1589, must ensure that overarching policy goals are achieved in every portfolio configuration which is considered in the Cost Test. Physical achievement of these policy goals must be tracked, measured, and verified.	Staff partially agrees. Staff agree that the Cost Test is not the only tool that the Commission will rely on when finding whether an ISP is in the public interest. Staff does not believe, however, that a separate process must be defined in rule or otherwise defined at this time. Additionally, guidance regarding how each large combination should comply with other policy goals will occur through future policy dockets (for example, the docket to establish a jurisdictional-specific cost test for all WA utilities, and the equity docket), each large combination utilities advisory groups, and the ISP public process.	No
PSE	I. Appropriate ISP structure and content Instead of taking an approach where much of the existing Clean Energy Implementation Plan (CEIP) specific rule language is repeated and applied more broadly to an ISP, PSE proposes that the CEIP portions of an ISP continue to be governed by the existing CEIP rules, and that the new ISP rules focus on parameters that are necessary for developing the broader integrated system plan for PSE.	Staff disagrees, PSE's suggested approach would have the effect of deleting portions of the draft rule meant to address new requirements in RCW 80.86. Staff's approach would apply the new statutory requirements from RCW 80.86. and Staff views combining the CEIP rules with the new requirements from RCW 80.86 as being the most natural fit into the section of the rule.	See PSE's Replacement Attachment A (proposed redlined draft rules with PSE comments)
PSE	II. Emission reduction requirements PSE reiterates its previous comments that the Washington State Decarbonization Act for Large	Staff disagrees, Staff believes these targets are enforceable and appropriate.	WAC 480-95-060 (3)(a)(iv)

	<i>Combination Utilities (Act) requires utilities subject to the Act to include scenarios with emission reduction targets in their ISPs. It does not require the establishment of or commitment to targets for either electrification or emissions reductions. PSE provides redline suggestions to ensure the draft rules are consistent with RCW 80.86.020 in this regard.</i>		
PSE	<i>III. Improving efficiency and transparency of implementation period actions</i> <i>The primary objectives of the new requirements in the Act are to reduce regulatory barriers, achieve equitable and transparent outcomes, and integrate planning requirements for a large combination utility. PSE has given considerable thought to how regulatory processes can be improved to facilitate achieving the outcomes of state laws related to clean energy in a more efficient and transparent manner. This process spans resource planning, program development, implementation, and resource acquisitions. However, the lines between these activities are blurred and not always clear, especially to external parties. As PSE has tried to define these different activities throughout this rulemaking, and in previous rulemakings for CETA, a tension has emerged in trying to fit information from other steps in the overall process, such as resource acquisitions and program development, into resource and system planning.</i> <i>In redlines to draft WAC 480-95-060, PSE proposes changes to resource acquisition rules in existing WAC 480-107.</i> <i>PSE's redlines provide flexibility to issue electric requests for proposals (RFPs) in a manner that flows more directly from the electric-planning aspects and specific actions that</i>	Staff declines to accept the suggested changes. There will not be enough time to amend WAC 480-107 within this rulemaking. Staff declines to change this rule in order to maintain regulatory uniformity amongst all the utilities.	WAC 480-95-060 WAC 480-107

	<i>will be approved by the Commission, based on the facts and analysis in the ISP process. Currently, WAC 480-107-009 requires that RFPs issued pursuant to resource plans must be “all-source” procurements in which any resource type can bid. PSE has found that this requirement inherently slows down the RFP process due to the need to re-do the analysis from the resource plan.</i> <i>PSE’s redlines also propose a standard exemption for small or short-term procurements under certain thresholds. The purpose of this exemption would be to ensure that the Chapter 480-107 WAC requirements only apply to resources of significant investment and do not interfere with PSE’s ability to operate its electric system in a safe, efficient, and reliable manner.</i> <i>...to increase regulatory transparency and efficiency of RFPs that are not exempt from Chapter 480-107 WAC, PSE’s proposed redlines include a process for Commission approval of filed contracts, providing for increased oversight of the acquisition actions that occur during the implementation period of an approved ISP.</i> <i>Finally, PSE’s redlines add two definitions (“request for proposals” and “targeted RFP”) consistent with WAC 480-107 that are needed for proposed redlines related to the ISP implementation plan.</i>		
PSE	IV. Other procedural topics <i>In addition to objecting to certain requirements regarding data disclosure (see response to Notice question 6 below) and requiring a midway update (see response to Notice question 7 below), PSE has several general recommendations for the procedures proposed in the draft WAC 480-95-080.</i>	The Commission continues to see value in a midway update when substantial changes in assumptions, targets, or forecasts occur. Staff disagrees, there does needs to be a separate public participation section.	WAC 480-95-080 WAC 480-95-090

	<i>First, PSE recommends making public participation its own section (480-95-090) with more extensive requirements borrowed from CETA.</i> <i>Second, PSE recommends modifying the “Timing” section of draft WAC 480-95-080 to allow the Commission to set future timelines on a schedule based on facts known at the time.</i> <i>Third, PSE recommends modifying the “ISP work plan” section of draft WAC 480-95-080 so it is not overly prescriptive.</i> <i>Fourth, PSE strongly objects to the filing of a draft ISP in a formal Commission process as envisioned by the “Draft ISP” section of WAC 480-95-080.</i> <i>Additionally, PSE points out that the ISP is, by its very nature, a process that includes significant external engagement. PSE will be engaging and sharing draft materials with Staff and external parties during the entire ISP development process. Through avenues such as the Resource Planning Advisory Group (RPAG), PSE gains valuable input on its ISP throughout the process.</i>	Commission Staff recommend that the Commission in its adoption order require a draft at least for the 1st ISP, keeping flexibility for whether to require a draft in the future. Staff recommends only requiring only the final draft in rule. Staff believes the current timeline in draft WAC 480-95-080 is appropriate, but amends the rule to give the Commission the ability to change the timing of ISP filings in an order. Staff agrees regarding the need for a draft ISP in rule. Staff recommends the Commission recommend PSE does file a draft ISP for the first filed ISP in its adoption order.	
PSE	V. Streamlining reporting for renewable energy targets established in RCW 19.285.040 (Energy Independence Act (EIA)) <i>As noted in PSE’s October 21, 2024 comments, further simplification of the reporting requirements associated with the renewable energy targets established in the EIA are warranted, as those targets are eclipsed by the more recent CETA target requirements. Please see</i>	Staff is awaiting legal analysis to determine the feasibility of this suggestion.	WAC 480-95-060 WAC 480-95-070

	<i>PSE's redlines for suggestions that meet the statutory requirements but dispense with outdated and cumbersome regulatory requirements.</i>		
PSE	VI. Transportation Electrification Plan (TEP) <i>PSE continues to recommend that its TEP be optional to include in the ISP. Given the breath of work required for the first ISP, the ongoing Commission policy docket exploring transportation electrification guidance (UE-160799), and other factors, PSE does not plan to integrate its TEP into the first ISP. PSE will consider consolidation of the TEP in future ISPs.</i>	The Commission will implement a more flexible rule with additional guidance in the order.	WAC 480-95-010 WAC 480-95-070(3)(e)
PSE	VII. Miscellaneous recommendations <i>PSE's redlines propose slight changes to a few definitions in draft WAC 480-95-020. First, redlines to "alternative lowest reasonable cost and reasonably available portfolio" intend to limit the content to elements related to planning, but do not change the overall meaning of the definition. PSE also recommends removing the definition for "integrated resource plan," as this term is not used in subsequent sections of the draft rules. In addition, PSE finds the changes from the statutory definition of "lowest reasonable cost" confusing and recommends keeping the definition consistent with the statutory definition in RCW 80.86.010.</i> <i>PSE also includes simplifying edits throughout the draft rules, especially where terms or phrases have unclear or ambiguous meanings. These simplifying edits aim to clarify requirements in a manner that will help PSE fulfill the intent of the rules.</i>	Clarifying edits are accepted unless the language deviates from statute, other existing rules, or does not add value. Staff rejects using the definition of lowest reasonable cost from 80.86.010 as it is not inclusive of long-term considerations and other factors that are important for meeting statutory requirements.	WAC 480-95-020

Questions & Themes:

1. **Reorganization.** While much of the language has not changed since the last draft, Staff has reorganized the draft rules in order to help streamline them. Do you believe the reorganization is a net positive change to the draft rules? Do you have any suggestions for alternative organizations (major or minor)?

Comments Themes:

- Disagreement over reorganization as streamlined.
 - Reorganization is an improvement over first draft rulemaking.
 - Reorganization is not streamlined; co-mingles statutory obligations and analytical elements.
- Suggested language for planning section as it seems incomplete.

Party	Summary of Comment(s) - Reorganization	Staff Response	Redlines offered?
Third Act WA and WCEC	The reorganization is an improvement over the first draft rulemaking, making it easier to find specific information and requirements.	No Staff response necessary.	No
RNW, CS, NWECC, RA	Yes, the reorganization is a net positive. The most notable reorganization was the addition of (030) a new cross-cutting assessment and planning requirements, which we support. In particular, we appreciate the draft rules specifically calling out the concept of cross-cutting assessments. As we commented previously, it is imperative that the large combination utility capture the dynamic interactions between the gas and electric system. We also recognize that the new section includes the utility's planning requirements, including energy efficiency, demand response, emissions reduction, resource adequacy, and cost test requirements. It is helpful to have a single section that identifies the large combination utility's legal and regulatory obligations. However, the list of the utility's requirements appears to be incomplete. The	Staff disagrees with both suggestions. While other CEIP-like targets rely on the <i>outputs</i> from the long-term planning section, these should be hard-coded into the long-term planning as a "must-take" resource. This makes them both an <i>input</i> to the long-term analysis, and an <i>output</i> in the form of targets that need to be included in the implementation section. Hence, cross-cutting.	Suggested options for WAC 480-95-060 and 030

	large combination utility also has obligations to develop specific targets in its CEAP (060)(3). It may be confusing to have a section titled “planning requirements” but not include all of the utility’s requirements. The Commission could take one of two paths. First, add a new bullet in this section that says the utility must also meet the CEAP statutory requirements as identified in Section (060). Alternatively, the Commission could remove the planning requirements from the new section (030)(4) – (8) and embed the requirements in the implementation section (060).		
PSE	PSE appreciates Staff’s attempt to reorganize the draft rules in an effort to streamline. While this set of draft rules overall has noticeably improved since the last version, PSE does not see the reorganization itself as streamlined or as a net positive change. For example, Staff’s proposed reorganization appears to have co-mingled the CETA statutory obligations (reflected in existing rules) with some of the ISP analytical elements outlined in HB 1589. To avoid this result, as explained in PSE’s comments above, PSE has suggested an alternative structure in which PSE continues to comply with the primary CEIP requirements in Chapter 480-100 WAC, while the ISP rules focus on the parameters necessary to govern the integration of the various planning efforts under an ISP.	Staff disagrees, PSE’s suggested approach would have the effect of deleting portions of the draft rule meant to address new requirements in RCW 80.86. Staff’s approach would apply the new statutory requirements from RCW 80.86. and Staff views combining the CEIP rules with the new requirements from RCW 80.86 as being the most natural fit into the section of the rule. Furthermore, Staff believes that co-mingling CETA statutory obligations with elements of ISP obligations represents the necessity of streamlining the planning requirements laid out in RCW 80.86 into one set of rules.	Proposed alternative structure, see Replacement Attachment A

2. **Purpose.** In this draft of the ISP rules, Staff proposed removing the explicit purposes in each section in favor of a single purpose section for the ISP as a whole. Do you believe there is a reason to have purposes (plural) for different sections of the ISP rules, or is it more appropriate to describe one overarching purpose of the ISP? In either case, please describe why.

Comments Themes:

- Support of a single purpose section for the ISP as a whole.
- Suggests a summary statement similar to item (1) under the new draft WAC 480-95-030 could improve other sections.

Party	Summary of Comment(s) - Purpose	Staff Response	Redlines offered?
Third Act WA and WCEC	<i>The single purpose statement for the ISP seems adequate. A summary statement like item (1) under the new draft WAC 480-95-030 might be helpful for the other sections as well.</i>	Staff agrees with the first sentence but declines to adopt the recommendation in the second sentence in order to keep rules concise.	No
RNW, CS, NWECC, RA	<i>Generally speaking, we do not see a need to have a purpose description for each section, as it adds additional length to an already lengthy rulemaking. Each section's requirements should be written so that the requirement speaks for itself.</i>	No Staff response necessary.	No
AWEC	<i>AWEC supports this more streamlined approach to the draft rules achieved by a single, over-arching purpose statement, which is more consistent with pre-existing rules.</i>	No Staff response necessary.	No
PSE	<i>PSE believes it is more appropriate to have one overarching purpose of the ISP. This structure is simpler, clearer, more concise, and more consistent with pre-existing rules.</i>	No Staff response necessary.	No

3. **Definitions.** Staff proposes three new definitions in this draft of the ISP rules:

A. *Commercially feasible.* Do you believe the definition proposed in these draft ISP rules for “commercially feasible” is appropriate given the places in statute and these draft rules where that term appears? Please explain why.

B. Commercially available. Do you believe it is important to define this previously undefined term? If so, do you believe Staff's proposed definition is appropriate? Why or why not?

C. Nonwires solution. Do you believe it is important to define this previously undefined term? If so, do you believe Staff's proposed definition is appropriate? Why or why not?

Comments Themes:

- Some further refinement is needed on “commercially feasible” and “commercially available.”

Party	Summary of Comment(s) – Definitions (480-95-020)	Staff Response	Redlines offered?
Third Act WA, WCEC	Commercially feasible. • <i>The statutory requirements say that the required targets for conservation and energy efficiency resources and for demand response/ flexibility can be relaxed if meeting them is not <u>commercially feasible</u>. The proposed definition of <u>commercially feasible</u>, however, describes commercial feasibility as a calculated quantity without identifying the quantity that would permit relaxing the targets. It also says that information on <u>technically feasible</u> resources may be used to demonstrate <u>commercial feasibility</u>, but this does not define <u>commercial feasibility</u>.</i> • <i>Commercial feasibility generally refers to the economic viability of a project, ensuring that it can generate sufficient revenue to cover its costs and provide a reasonable return on investment. A definition of commercial feasibility for the purpose of this rulemaking might be based on the demonstrated ability of commercially available resources to provide a return on investment statutorily allowed for the investor-owned utility.</i>	Demonstrating an ability to provide a return on investment for each individual action may be a higher bar than intended by the legislature. The legislature implies commercial feasibility does not have a cost-effectiveness standard.	No
Third Act WA,	Commercially available. <i>The meaning of</i>	Staff has proposed a definition for this in	No

WCEC	<i>“commercially available” seems clear without a definition. It means available for the utility to buy.</i>	proposed WAC 480-95-020(7).	
Third Act WA, WCEC	Nonwires solution. <i>“Nonwires solution” should be defined because it is not a commonly used English language term. Staff’s proposed definition is appropriate because it is a broad, explanatory definition that aligns with typical use in the power industry.</i>	Staff agrees.	No
RNW, CS, NWECC, RA	Commercially available <i>We recognize that, however narrow Commission defines concepts like “commercially feasible” and “commercially available,” there will likely remain some ambiguity and room for reasonable persons to disagree. That said, we recommend the Commission further refine the concept of “commercially available” and distinguish between resources that are commercially available from resources that are “reasonably anticipated” to be available.</i> <i>We recommend the Commission set a clear distinction between resources that are commercially available and resources that are forecasted to be available over the planning horizon.</i> We invite the Commission to discuss this issue at a forthcoming workshop to determine if it is feasible to address the issue we raise here. <i>One possible course of action is for the Commission to state in its Final Order approving the ISP rules that the Commission will apply a higher level of scrutiny, and place less of a value, to resources or investments that only become commercially available beyond the implementation period. In addition, the further out a resource is forecasted to be available, the Commission will place greater scrutiny. The downside of</i>	Staff believes that the best course of action to address this concern is, as addressed in these comments, to have the Commission state in its final order a clarification around distinguishing between resources that are commercially available and reasonably anticipated to become available.	No

	<i>this approach is that the Commission’s directive in an Order is not as accessible or enduring as a requirement described in rule.</i> We have <i>no proposed edits to the definitions of commercially feasible or nonwires solutions.</i>		
PSE	Commercially feasible. <i>PSE supports defining “commercially feasible”, but notes that the term “technically feasible,” used alongside “commercially feasible” in the Act, should also be defined. Staff’s current definition of “commercially feasible” seems more appropriate as a definition for “technically feasible.” As pointed out in PSE’s October 21, 2024 comments, technically feasible seems to be a reasonable proxy for achievable technical potential, while commercially feasible is better defined by information regarding local markets. Consequently, PSE recommends adopting staff’s definition for technically feasible and suggests a definition for “commercially feasible” in the attached redlines. PSE’s definition also clarifies that “commercially feasible” and “technically feasible” as defined only apply to the 2% conservation and 10% demand response targets in RCW 80.86.020, since these terms could be used in other contexts.</i>	Staff declines to accept this change, given that there is already a definition for technical potential with a common understanding staff feels that commercially feasible needs to be defined.	WAC 480-95-020
PSE	Commercially available <i>PSE is comfortable defining “commercially available” as long as the definition is reasonably simple and aligned with common-sense notions. If Staff prefers to define this term, PSE would propose modifying Staff’s initial definition to clarify that commercially available refers to availability for purchase within the implementation period. PSE prefers this definition to “put into commercial operation supporting utility service,” which is somewhat unclear and potentially not applicable to certain resources</i>	Staff recommends changing this definition to clarify that “commercially available” encompasses the study period and removing the reference to commercial operation. Staff disagrees about the necessity of defining “commercially available” and chooses to leave the definition of the term in rule.	WAC 480-95-020

	<i>and measures. For example, it is unclear whether demand-side resources installed by residential customers would be in “commercial operation.” PSE also notes that defining commercially available is not necessary since this term has been used in previous statutes and rules without definition.</i>		
PSE	Nonwires solution <i>PSE supports defining “nonwires solution.” A definition for this term will avoid potential confusion. Staff’s definition is consistent with the definition PSE proposed in its October 21, 2024 comments.</i>	Staff agrees.	No

4. **Cross-cutting assessment and planning requirements.** *Staff attempted to consolidate any overarching requirements that apply to all sections of the ISP into draft WAC 480-95-030.*

A. Are there any requirements within this section that you do not believe should apply to all parts of the ISP? Are there any requirements missing from this section?

B. Are there other sections of the draft ISP rules that contain these requirements that no longer need to include them given they are now covered by this overarching requirements section?

Comments Themes:

- Commission should require a more collaborative and iterative review process for the cost test.
- Commission should host and encourage more effective public participation.
- Some disagreement on effectiveness of cross-cutting assessments section.
- Cross-cutting assessments section is partially repetitive except for the Cost Test, which may require its own section.
- Cross-cutting assessments section is positive to show the importance of adequate capture of the dynamic interactions between gas and electric systems.
- Planning requirements section is helpful but incomplete.

Party	Summary of Comment(s) – 480-95-030	Staff Response	Redlines offered?
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Third Act WA, WCEC	4. Cross-cutting assessment and planning requirements. <i>The need for this section is not clear. All of the requirements of this section, except for the Requirement to Use Iterative Analysis and the Cost Test, are partially repetitive with similar requirements in other sections. The additional wording in the Cross-cutting section should be added to the other sections where these requirements occur, for clarity, and thus would not need to also appear in a new cross-cutting section. The requirements for iterative analysis appear to only apply to the long-term ISP content section, along with the other modeling requirements and should be listed in that section only. The Cost Test may merit a section of its own, since it is statutorily separate from the ISP requirements.</i>	Staff disagrees. Everything in the cross-cutting section is relevant to multiple aspects of the ISP development. Staff does not believe that the Cost Test merits a section of its own. The Cost Test is applicable throughout the various sections of the ISP to inform all portions of the larger plan.	No
RNW, CS, NWECC, RA	<i>we observe that the planning requirements, (030)(4) – (030)(7) overlap with requirements in (060), implementation. We further note that not all the planning requirements in (060), implementation, are reflected in (030). For example, we observe that (030) does not include specific or interim targets. Further, we observe that the utility’s requirement to achieve two percent of electric load annually with conservation and energy efficiency appears in three sections of the rules.⁹ The Commission should consider if it would be simpler to focus (030) on only the cross-cutting assessments – sub bullets 1 – 3 – and keep the planning requirements in the implementation section (060).</i>	Another party makes a similar point. Copy it here after review & discussion Staff does not view specific or interim targets as a cross-cutting requirement as they are a result of planning and do not meet the criteria outlined in proposed WAC 480-95-030(1). Staff would like to maintain the repetition of some requirements in various sections because they must specifically appear in those sections.	No
Donna Albert	Require a collaborative and iterative review process for the Cost Test that will allow UTC to point out alternatives that were not included and identify problematic inputs or incorrect assumptions, so the utility has the opportunity to verify and agree on changes, and then re-run the Cost Test.	Staff believes a requirement for collaborative and iterative review process is better addressed in proposed WAC 480-95-080(1)&(2). Staff is unclear by what is meant by the Commission should host public	No

	<i>UTC should host and encourage effective public participation.</i> <i>Require the use of simple, widely accepted models or tools which everyone understands well. Please refer to January 18, 2023 Comments of Public Counsel on Straw Proposal, Docket UE-210804. Overarching policy goals of climate emissions, equity, and health, and possibly other cost and reliability goals, will be lost in an overly-complex Cost Test.</i>	participation but agrees with the sentiment. Staff is unsure if it is possible to require the use of simple and widely accepted models that everyone understands but agrees with the sentiment. Staff notes that this suggestion does have equity implications and that a large combination utility must follow all of the tenants of energy justice.	
PSE	<i>The 2% and 10% requirements in Staff's proposed WAC 480-95-030(4)-(5) regarding conservation, energy efficiency, demand response, and demand flexibility are taken from RCW 80.86.020. These requirements are repeated in Staff's proposed WAC 480-95-050. These requirements only apply to the electric portions of PSE's ISP and consequently do not meet the intent behind this cross-cutting section. PSE believes these statutory requirements are more appropriately reflected in WAC 480-95-050; it may be confusing and unnecessary to repeat them multiple times throughout the rules.</i>	Staff has clarified the energy efficiency and demand response targets apply to the electric portions of the plans, however since these requirements are statutorily required they are "must take" resources and that makes them both an input into the long-term analysis and an output in the form of targets that need to be included in the implementation section. Hence why Staff views them as cross-cutting.	WAC 480-95-030

5. **Energy Assistance Potential.** *Language in draft WAC 480-95-040(1)(ii) comes from existing WAC 480-100-620(3)(b)(iii). Is there a more appropriate place for this language in the draft ISP rules than its current location? If so, where would you recommend putting it?*

Comments Themes:

- Disagreement over placement.
- Suggestions for further included language/requirements.

Party	Summary of Comment(s) – 480-95-040	Staff Response	Redlines offered?
Third Act WA, WCEC	Energy assistance potential WAC 480-95-040(1)(ii) is within the Distributed Energy Resources subsection of the Assessment of Resource and Delivery System section of the draft rule. WAC 480 100-620(3)(b)(iii), the source of WAC 480-95-040(1)(ii), is also within a subsection of WAC 480-100-620 (Content of an IRP) titled Distributed Energy Resources. WAC 480-100-620(3)(b)(iii) references RCW 19.405.120, which pertains more generally to energy assistance than just distributed energy resources. The larger requirements of RCW 19.405.120 are included in WAC 480-95-060 (4) (Customer Benefit Data), but distributed energy sources are not specifically required to be identified as such. Therefore, it is appropriate to include, separately, the distributed energy resources identified in accordance with 19.405.120 and include them in the assessment required under WAC 480-95-040(1). Their location of the current draft language is appropriate.	No Staff response necessary.	No
RNW, CS, NWECC, RA	Yes, the energy assistance potential should be moved out of (040)(1)(a)(ii) and recognized as its own assessment in (040). The genesis of the requirement to conduct an energy assistance potential assessment is RCW 19.405.120, the Clean Energy Transformation Act. The statute says that each utility must demonstrate progress in providing energy assistance pursuant to the assessment and plans it makes biennially to the Department of Commerce. 10 The statute does not make any connection between the energy assistance potential and distributed energy resources. Recommendation: • Move the energy assistance potential requirement to (040)(x), and	Staff declines to implement this suggestion. Staff is unclear how this suggestion would benefit the revised sections of rule. Given that there is already precedent for including the energy assistance potential assessment within the DER section of rule Staff recommends against the movement of subsection 480-95-040(1)(a)(ii). Staff believes that the second suggestion is best addressed in order.	WAC 480-95-040 WAC 480-95-060

	• <i>Add a new requirement to (060)(x) that requires the utility to “identify programs and funding available for energy assistance to low-income households, as well as the utility’s compliance with the requirements of RCW 19.405.120(4).”</i>		
PSE	<i>PSE understands this question to refer to the proposed distributed energy resource energy assistance potential assessment. The location of this section seems appropriate.</i>	No Staff response necessary.	No

6. **Data Disclosure.** *Planning analysis requires the use of large amounts of data and sometimes opaque and expensive modeling processes and software. Staff has taken commenters’ feedback into account and attempted to update draft WAC 480-95-080(3) to strike a balance, understanding software access and the sensitive data at issue are in tension with the need for transparency. Do you have any suggestions for changes to this language? If so, please explain your reasoning.*

Comments Themes:

- Support of Staff’s approach to ensure transparency.
- Suggest Commission issues protective orders for confidential data exchanges.
- Suggest Commission encourage utility to collaborate with stakeholders to ensure more accessible modeling tools are chosen.
- Pre-existing requirements, processes, and regulation for data disclosure should be utilized instead of new requirements, including existing intervenor funding process for accessing software licensing.

Party	Summary of Comment(s) – 480-95-080	Staff Response	Redlines offered?
Third Act WA, WCEC	<i>No suggestions for changes to the proposed language.</i>	No Staff response necessary.	No

RNW, CS, NWECA, RA	<i>We appreciate the draft rules new data disclosure requirements. These additions are the right step towards improving procedural justice. As this Commission well knows, there is both resource and knowledge asymmetry between the utilities and all other parties, including the Commission. The UTC can reduce this asymmetry by requiring the utility to make all data available to the public, and to the maximum extent possible, rely on nonconfidential information.</i> <i>While it is our preference for the utilities to use open-source software, we recognize that it may not always be feasible nor optimal. Nevertheless, it is not in the public interest if the utility is the only party capable of conducting modeling (i.e., production cost, capacity expansion) exercises. The Commission's consideration of the lowest reasonable cost resources, investments, and actions would be improved if parties other than the utility provided the Commission with quantified, data-driven analysis using the same sophisticated modeling tools the utility uses. Licenses for proprietary modeling software - like Plexos - are very expensive for a smaller entity (tens of thousands of dollars). Furthermore, in some cases, modeling files are not made available to interested stakeholders (even under a confidentiality agreement with the utility) because those include data that is proprietary of the model vendor. This further inhibits the ability of stakeholders to review a utility's analysis.</i> <i>The UTC would not be the first public utility commission to require the utilities to provide licenses to interested parties. There are examples of public utility commissions in other states requiring utilities to provide software licenses to other parties. [states listed include OR, AZ, MI, SC, IA, KY, NM]</i> <i>The Commission should further encourage the large</i>	Staff feels that the rule as written is adequate but recommends the Commission in its adoption order change the proposed rule as necessary in order to best balance the need for transparency with the cost needed to obtain the necessary licenses to do so.	No
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	<i>combination utility to work with stakeholders to identify modeling tools that create the fewest barriers for stakeholder review.</i> <i>Even if an interested party will not conduct their own modeling, there is value in having the inputs/outputs and modeling files. Interested parties can review the inputs (particularly those that weren't discussed during a meeting) and discern how they may influence the outputs. Likewise, interested parties can review the outputs, see where step changes occur and then work backwards to understand what might have caused those changes. We appreciate the Commission's commitment to exploring procedural equity and justice (as in docket A – 230217) and believe these recommendations will help all parties get closer to achieving it.</i>		
AWEC	<i>AWEC appreciates Staff's consideration of ensuring transparency for non-Staff participants while balancing concerns about software access and sensitive data.</i> <i>AWEC supports Staff's proposed approach that would require PSE to provide any confidential inputs, outputs, and any associated modeling files in native format and in an easily accessible format to Staff and interested parties that have signed an appropriate agreement.</i> <i>AWEC also supports requiring PSE to provide licenses for Staff and interested parties, but recommends not including a number limit to the amount of interested parties that could receive access.</i> <i>AWEC recommends not limiting non-Commission Staff licenses to a specific number, but the Commission clarifying in its order adopting these rules that it will consider a deferral or other cost recovery mechanism for licenses in excess of those</i>	Staff must decline this suggestion, it is Staff's view the Administrative Procedure Act clarifies that in order for the Commission to issue a protective order there first must be an adjudication issued. With regard to the number of licenses for modeling software, Staff feels that the rule as written is adequate but recommends the Commission in its adoption order change the proposed rule as necessary in order to best balance the need for transparency with the cost needed to obtain the necessary licenses to do so.	WAC 480-95-080(3)

	<i>provided to Staff and three interested parties.</i> <i>In terms of an appropriate agreement pursuant to which PSE would provide confidential data, AWEC supports amending proposed WAC 480-95-080(3) to include language that facilitates a protective order being in place as soon as practicable. To that end, AWEC proposes to amend WAC 480-95-080(3) as follows:</i> <i>(a) The large combination utility must file its modeling data inputs with the commission in native format per RCW 19.280.030 (10)(a) and (b) and in an easily accessible format as soon as they are reasonably available during the integrated system plan developing process. <u>If the Commission has not issued a protective order in the proceeding, the filing must request that the Commission issue a protective order pursuant to WAC 480-07-420. The Commission will use its standard form protective order unless the large combination utility demonstrates a compelling need to use a different agreement.</u></i> <i>...</i> <i>(c) The large combination utility must provide any confidential inputs, outputs, and any associated modeling files in native format and in an easily accessible format to commission staff and interested parties who have signed <u>the protective order and are authorized to access confidential information under its terms or if a protective order is not yet in place,</u> a confidentiality agreement or nondisclosure agreement.</i>		
TEP	<i>II. The exchange of confidential information should be governed by the Commission's standard form protective order.</i>	Staff must decline this suggestion, it is Staff's view the Administrative Procedure Act clarifies that in order for the Commission to issue a protective	WAC 480-95-080(3)

	...in proposed WAC 480-95-080(3), TEP suggests that the rules incorporate the use of the Commission's standard form protective order. The Commission has a standard format protective order used to govern the disclosure and use of confidential information per WAC 480-07-420. TEP appreciates that the Commission uses a standard format protective order because it prevents what could otherwise be numerous conflicts about the terms of each utility's nondisclosure agreement. TEP suggests modifying the proposed rules to require use of the Commission's standard form protective order unless a party demonstrates that the standard form is insufficient. The Commission could accomplish this by modifying proposed WAC 480-95-080(3) to read: (a) The large combination utility must file its modeling data inputs with the commission in native format per RCW 19.280.030 (10)(a) and (b) and in an easily accessible format as soon as they are reasonably available during the integrated system plan developing process. <u>If the Commission has not issued a protective order in the proceeding, the filing must request that the Commission issue a protective order pursuant to WAC 480-07-420. The Commission will use its standard form protective order unless the large combination utility demonstrates a compelling need to use a different agreement.</u> ... (c) The large combination utility must provide any confidential inputs, outputs, and any associated modeling files in native format and in an easily accessible format to commission staff and interested parties who have signed <u>the protective order and are authorized to access confidential information under its terms</u> a confidentiality agreement or	order there first must be an adjudication issued.	
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	<i>nondisclosure agreement.</i>		
PSE	<i>Regarding the proposed WAC 480-95-080(3)(a), PSE will provide its data inputs in a native and easily accessible format. However, the proposed modifier to this requirement of “as soon as they are reasonably available during the [ISP] process” is unclear, unreasonable, and unnecessary. PSE will provide this information when it files its ISP. This filing will initiate a formal process at the Commission and can then follow the Commission’s established procedures regarding confidential information, data requests and discovery.</i>	Staff thanks PSE for making the commitments to providing information about the ISP. Staff does not believe the requirement is unclear.	WAC 480-95-080(a)
PSE	<i>Regarding the proposed WAC 480-95-080(3)(c), PSE recommends deleting this language in its entirety. This language is unnecessary and potentially in conflict with pre-existing data sharing requirements. Instead, PSE will provide confidential information in accordance with preexisting procedures and in compliance with pre-existing regulations governing these procedures.</i>	Staff declines to take this suggestion. Staff believes that it enhances transparency to require this requirement in rule.	WAC 480-95-080(c)
PSE	<i>Finally, regarding the proposed WAC 480-95-030(d), it would be simpler and more reasonable to stick to pre-existing procedures, which allow interested parties to use the intervenor funding process to obtain funding for software licenses for their participation in the ISP process. Under these pre-existing procedures, parties can request intervenor funding from the Commission as necessary and the Commission can make decisions regarding such funding on a case-by-case basis. Utilizing the intervenor funding process for any licensing needs provides for use of funding explicitly allocated for this purpose and provides a process through which decisions can be made by the Commission. In the absence of using this process, PSE has no budget for providing such licenses and there is no process for making decisions about which parties would</i>	Staff feels that the rule as written is adequate but recommends the Commission in its adoption order change the proposed rule as necessary in order to best balance the need for transparency with the cost needed to obtain the necessary licenses to do so.	WAC 480-95-080(d)

	be provided such licenses nor why an arbitrary number of three is the correct number.		
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7. **ISP Midway Update.** Staff proposes in these draft ISP rules certain conditions which, if met, would require a large combination utility to file a midway update approximately half-way through the four-year implementation period.
- A. Do you believe a midway update is important, or is an ISP filing only every four years adequate?
- B. Please comment on the conditions described in draft WAC 480-95-080(7)(a)(i)-(iii)? Are there any you would add, remove, or change? If so, why?

Comments Themes:

- Midway update is important for planning and transparency purposes.
- Addition of several conditions.
- Request more clarity on the degree to which a condition must be met to trigger an ISP update.
- Suggest that midway updates be required regardless of conditions met.
- Suggest removal of requirement at this time due to time- and labor-intensiveness of ISP process and to revisit during the approval process of the first ISP.

Party	Summary of Comment(s) – 480-95-080	Staff Response	Redlines offered?
Third Act WA and WCEC	A. A midway update is important for adequate planning and public information, if any of the conditions described for triggering an update per the new draft rule occurs. Any of these events could require significant changes to the utility's plans within a two-year time frame. • B: A fourth condition should be added: <i>(iv) Information becomes available to the utility that could reasonably cause</i>	Staff agrees with suggestion A. Staff declines to implement suggestion B; it is unclear to Staff how this condition differs from conditions ii and iii.	WAC 480-95-080(7)

	<i>a substantial change in the utility's load forecasts or resource assumptions.</i>		
RNW, CS, NWECA, RA	<i>Yes, we strongly recommend that the Commission adopt a midway update. As we have seen repeatedly over the past 10 years, the planning environment is rapidly evolving and key assumptions can change in less than a year.</i> <i>We are a bit concerned that the rules are not sufficiently clear about the degree of changes to key inputs or assumptions that would trigger an ISP update. For example, it is not clear to us what is considered a "substantially changed" load forecast, nor how an interested party would bring forward its concern to the Commission that the utility's load forecast is substantially changed, particularly if the large combination utility disagrees that the change is "substantial." Our preference is for the Commission to mandate an ISP midway update. Alternatively, the Commission should provide an avenue for interested parties to argue before the Commission that a midway update is necessary. Moreover, the Commission should acknowledge that there is a timing issue as to when the utility must file its midway update. At some point, the utility will need to dedicate its resources and staffing to developing the next ISP. Thus, the window for when the utility files an ISP update is relatively narrow. The Commission should require the utility to make a filing 12 months after the submission of its ISP with a request to either file, or not file, an ISP update. The Commission should consider the filing at an Open Meeting where interested parties can comment on the matter.</i> <i>Finally, it is important that the ISP update include an update of the gas plant by category costs alongside the resource costs.</i>	To alleviate this concern the rule language has been changed. Instead of substantial changes meriting an update, the Company would need to show there have not been substantial changes to avoid an update.	WAC 480-095-080(7)

	<i>Recommendations:</i> • <i>Add a new requirement to (080)(7)(a)(x) recognizing that significant changes to national or state policy could also trigger an ISP update. “Significant changes to state or national economic or environmental policy that impact the large combination utility and its customers.”</i> • <i>Add a new requirement to (080)(7) that requires the utility to make a filing to be heard at an Open Meeting, 12 months after the submission of its ISP with a request to either file, or not file, an ISP update.</i> • <i>Modify the requirements of (080)(7)(b)(iii) to recognize “gas plant” alongside resource costs.</i>		
PSE	<i>PSE strongly objects to requiring a midway update by rule at this time. The ISP is a complex and time-intensive endeavor that includes significant external engagement. At least four years is required to complete a full and transparent ISP development and approval process, especially when factoring in the up to 12 months dedicated to the Commission’s process to formally review and approve an ISP. For example, Figure 1 below shows PSE’s 2027 ISP development timeline. For future ISPs, PSE does not anticipate there being sufficient time or human resources to develop a midway update and conduct the required external engagement.</i> <i>[referenced PSE 2027 ISP Development Timeline]</i> <i>However, PSE recognizes that there may be circumstances that warrant updating some portions of an ISP. Staff’s proposed conditions in draft WAC 480-95-080(7)(a)(i)-(iii) include some of the conditions under which a midway update may be appropriate; however, depending upon the triggering circumstance, the list of elements</i>	Staff disagrees with PSE and thinks a midway update is necessary to be required in rule. However, Staff has chosen to edit the rule to include a process in which a large combination utility may not need to file a midway update and what processes it needs to undertake if it should either not need to file one and come to a decision whether filing one is necessary. Staff remains open to refining this rule further.	WAC 480-95-080(7)

	<i>required to be updated in draft WAC 480-95-080(7)(b) may or may not be necessary. PSE recommends removing this requirement and revisiting it during the approval process for the first ISP, when the Commission could issue a requirement as part of its order on the first ISP after having the benefit of one ISP cycle come to conclusion.</i>		
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ESHB 1589 Implementation Rulemaking
Summary of Comments on the Draft Rules #4
Comments Deadline: May 8, 2025

Commenters:

(3) Puget Sound Energy (PSE)
(2) Third Act and Washington Clean Energy Coalition (WCEC)
The Energy Project (TEP)
The Alliance of Western Energy Consumers (AWEC)
Renewable Northwest, Climate Solutions, NW Energy Coalition, and Rewiring America (RN, CS, NWECE, & RA)
Donna Albert

General Comments

Comments Themes:

€ PSE

- ⌘ Current draft rules do not streamline planning and reporting requirements as intended and request exemptions for several existing statutory requirements to reduce administrative and regulatory burden.
- ⌘ PSE has submitted a request for amendment to CR-101 and a request for a policy statement regarding emission reduction target requirements.
- ⌘ Energy efficiency and demand response target begin in 2030, not w/ the first ISP
- ⌘ Proposes an alternative and iterative filing schedule.
- ⌘ I-2066 still in process in the courts; Staff should work with two draft rules documents to prepare for either outcome.
- ⌘ Existing Cost Test approach is for DER-level analysis, not ISP-level portfolio analysis.

€ Third Act and WCEC

- ⌘ Cost test should be one part of a larger decision framework.
- ⌘ Renewable resource assessments should include more options and criteria.
- ⌘ PSE public participation processes have eroded over time and should reintegrate IAP2 methods.
- ⌘ Reiterate previously offered suggestions on data disclosure and midway update sections.

€ AWEC

- ⌘ Propose second part to Cost Test that ensures no unfair cost burden for customers. Also concerned about the lack of granularity in regard to rate and bill impact forecasting.
- ⌘ Requests clarity on inclusion of CCA, emissions reduction targets, and electrification reporting requirements.

€ Donna Albert

- ⌘ Health and equity concerns should be integrated into a decision making mechanism outside of the Cost Test.

€ RN, CS, NWECE, & RA

- ⚡ Updates requested for definitions, requirements, incorrect citations and requests for clarification on vague draft rules language.
- ⚡ Request for Commission to require Utility to identify capital investments by investment category for all scenarios and sensitivities.

Party	Summary of Comment	Staff Response	Redlines?	Changes Reflecte d
PSE- Streamlining Planning and Reporting	Current draft rules do not streamline planning processes as intended. Draft rules should include exemptions for large combination utilities for existing applicable rules to reduce administrative and regulatory burden. List of rule section exemptions in redlines here. Utility will file an amendment request for CR-101 to include which sections of WAC should be amended and consolidated (summary below). Utility does not plan to file Transportation Electrification Plan with ISP at this time. Utility suggests consolidating RPS reports into ISP filings by filing annual and two-year compliance RPS reports with Commission by June 1 of every year following the rules required by Commerce.	The purpose section of the rules, as well as the second to last sentence of RCW 80.86.020(2)(a), make clear that PSE no longer needs to file these plans separately, and are thus exempt. Staff has accepted some of PSE's suggested changes in order to streamline the rules, however, given the required statutory contents of each plan being consolidated, there is only so much that can (or should) be altered from existing rules. Staff accepts this condition to consolidate RPS filings. Staff has proposed WAC 480-95-070(3)(d) that it views as satisfying the requirement to file a RPS report but has determined changing the RPS rules in WAC 480-109-210 in line with PSE's edits is also acceptable.	Yes, redlines attached	Yes

PSE- CETA Requirements	Draft rules exceed mandate by extending existing CEIP and CEAP requirements to include other elements that are not required/authorized by law. These are “unduly burdensome” requirements. Reiterate previously recommended changes to rules to define CETA requirements and associated targets and make rules more efficient. Timing for CETA compliance reports should be kept separate and recommend removing several requirements that are not related to CETA compliance.	Staff disagrees, PSE’s suggested approach would have the effect of deleting portions of the draft rule meant to address new requirements in RCW 80.86. Staff’s approach would apply the new statutory requirements from RCW 80.86. and Staff views combining the CEIP rules with the new requirements from RCW 80.86 as being the most natural fit into the section of the rule. Furthermore, Staff believes that co-mingling CETA statutory obligations with elements of ISP obligations represents the necessity of streamlining the planning requirements laid out in RCW 80.86 into one set of rules		None
PSE- Implementation	Suggest adoption of an ISP implementation section that is crafted for the unique needs of an ISP, rather than one heavily borrowed from existing CETA rules.	Staff disagrees. Staff views these implementation rules as important to ensure that the utility is complying with portions of RCW 80.86 and CETA. With the clear inclusion of areas like interim and specific targets it is clear to both the Commission and Public how the utility is implementing their plans.		None
PSE-Public Participation Process	Draft rules do not explicitly exempt Utility from having to also apply IRP-required public participation work plans that would now be duplicative. Proposed consolidated language in redlined comments that incorporates public participation and advisory group processes.	Staff disagrees. Staff views PSE’s changes as confusing and think they leave room for PSE to be less accountable to the public. Staff believes it is clear that the rule as currently written would exempt PSE from the IRP public participation WACs and sees no need to incorporate references to them. Referencing 480-100-640 would limit the implementation plan to only rules that apply to electric plans.	Yes, redlines attached	None

PSE- Emission Reduction Requirements	Reiterates previous comments that <i>RCW 80.86.020</i> requires inclusion of scenarios of emission reduction targets but does not require establishment of or compliance to targets for electrification or emissions reductions. PSE filed a request for a policy statement on this matter.	Staff believes that the plain language suggests that these are enforceable, a plan by itself does not “achieve” anything and these subsections require a very complicated analysis of technical and commercial feasibility. It would be strange if these were not enforceable in any way. Staff recommend including these as planning requirements with associated enforceable targets. Planning without any intention of implementing it would be inconsistent with good planning practice The statute is ambiguous on this issue and the commission’s interpretation would likely be given deference, see legal memo.		None
PSE- Electrification Targets	Decarbonization Act does not require electrification targets as outlined in draft rules. Additionally, target would have “no practical impact” as ISP action plan compliance will already include some form of electrification programming. Recommends deleting all of <i>WAC 480-95-060(2)(vi)</i> .	Staff disagrees. Statute prior to I-2066 requires PSE to achieve all cost-effective electrification. To advance this Commission Staff finds that targets demonstrate that PSE is planning to adhere to the law and considering the planning implications.		None
PSE – Conservation and Demand Response Targets	PSE states and implies that target achievement begins in 2030, w/ emission reduction periods. “..will now have two sets of energy efficiency and demand response targets: one for complying with the EIA and CEIP statutes, and another for the ISP statutory requirements starting in 2030. For energy efficiency, these targets will be set in the ISP for an implementation	Staff disagrees. Plain reading of statute suggests that target achievement begins with the first ISP.		None

	period...”			
PSE – Conservation and Demand Response Targets	PSE recommends EE targets being set in ISP, but being updated in BCP (and filing CPA in BCP context). Recommends rules being written to accommodate overlapping statutory requirements.	Staff disagrees. Given the insistence that these requirements eventually will become statutory, a BCP target and ISP conservation target will eventually converge into the same target.		None
PSE – Definition of Commercial Feasibility	PSE recommends a definition that does not distinguish between “long term planning” and “emission reduction measures”	Staff does not distinguish in rule between emission reduction measures and long-term planning. Staff assumes this was meant to be “emissions reduction periods”. If PSE means emission reduction period, Staff recommends rejecting this change, as commercial feasibility of resources will presumable extend for the full length of the ISP and will be used to determine going forward if the Utility can meet its statutory requirements over the length of the plan.		None
PSE- Electric Purchase of Resource Rules	“Minimal but critical changes” to WAC 480-107 are needed for a more efficient and transparent implementation process. Other interested parties indicate interest in pursuing changes to the section that PSE has previously suggested but Commission has not substantively addressed concerns.	Staff disagrees. Staff has opted to make minimal changes to WAC 480-107 due to the broad applicability of the rule. However, Staff has included language in the rule letting PSE know they may request an exemption from procurement rules when filing its ISP. Staff endeavors to make sure that all companies will adhere to similar regulations and views any more substantive changes, such as those offered by the Company, as letting one company be governed by a different set of rules outside the scope of this rulemaking. We believe that a full rulemaking that involves all electric companies		None

		subject to WAC 480-107 is a better place to make changes to the procurement rules. Staff finds the current POE rules flexible and suggests that a petition for exemption from rule for any minimal but critical changes needed.		
PSE- Energy Efficiency Standards	Utility will have to comply with two sets of energy efficiency and demand response targets between EIA/CEIP statutes and ISP requirements. Draft rules should outline these overlapping requirements in a clear and transparent way.	Staff agrees that the statutes set up two different targets with two different sets of standards. While the Energy Independence Act (EIA)'s requirement to pursue all cost-effective conservation requires the Commission to impose specific penalties if a utility fails to meet EIA targets, the Decarbonization act sets a higher target but leaves significant discretion to the Commission around any compliance obligation. Staff has not recommended including the Biennial Conservation Plan or Report required by the EIA within the ISP. There is an opportunity to streamline these overlapping acquisitions of energy efficiency, but Staff is hesitant to upend the current EIA process at this time. Similarly to the EIA, CETA sets a standard of all cost-effective EE and demand response (DR). It is Staff's understanding that PSE currently relies on the EIA process developed for EE to plan and report CETA DR targets.		None
PSE- Commercial Feasibility Definition	"Commercially feasible" should not include two timing phases ("the purpose of long-term planning" and "during an emissions reduction	See above for two timing phases response. 1. Staff disagrees with the reasonable cost to customers language. Staff views this language	Yes, redlines attached	1. N o n e

	period”). Demand-side targets are not currently under any cost constraint under the draft rules; an explicit constraint of “reasonable cost to customers” should be added to “commercially feasible.”	as vague and RCW 80.86 does not set a limit on the amount spent on achieving this requirement. Staff does believe that this requirement would set limits not identified in the plain language of the law. Staff expects PSE to adhere to the statute in a way that balances adherence with rate impacts to customers. If PSE cannot meet the statutory requirements it is responsible for showing that adherence would cause significant harm to customers. 2. Staff agrees with the change regarding pilots and RFIs.		2. Yes
PSE- Timing of Subsequent ISPs	Proposes an alternative and iterative filing schedule to more efficiently align reporting requirements over time. Propose second ISP filing date of no earlier than April 1, 2030; the third ISP by April 1, 2033 to align with subsequent four-year CETA compliance periods; then subsequent ISPs would be filed every four years.	Staff recommends the Commission decide upon a list of options presented by Staff that seek to align PSE with the CETA timeline.		No
PSE- Draft WAC 480-95-060(4)(d)	Suggests removal of this unnecessary and potentially confusing section.	Staff notes that this based on statutory language that was previously stricken by the approval of I-2066. Staff disagrees with removing the section entirely but is open to suggested changes. As an option for the Commission to consider, Staff recommends taking out the last sentence of draft		No

		WAC 480-95-060(4)(d) and draft WAC 480-95-060(4)(d)(ii) that would make it so that geographically targeted electrification for feasible. Staff would like a determination from the Commission on this language.		
PSE- Clean Energy Progress Reports	Utility generally supports but requests clarity and edits to the requirements in several sections.	Staff accepts this recommendation in WAC 480-95-070(3)(a). Staff agrees to change reduction to change in 480-95-070(3)(b). Staff agrees to the change from “emissions reduction achievement” to “system emissions” Staff accepts the deadline to file the Clean Energy Progress Report to July 1. Staff disagrees with the insertion of CEIP in this section of the rule.	Yes, WAC 480-95-070(3)	Yes
PSE- Letter to Amend CR-101	CR-101 should include Chapters 480-107 and 480-109 WAC in their entirety and the complete Sections of 480-100 Part VII (Planning and Implementation) 480-100-600 through 480-100-665 WAC. Concerned that current draft rules do not allow for the proper implementation of the Decarbonization Act. Draft rules are too narrow and do not streamline existing rules as intended. CR-101 is missing the following sections: € 480-100-620 (Contents of	Staff disagrees with PSE’s assessment of the streamlining of rules. Staff believes that this draft adequately streamlines rules for the ISP while balancing the need for transparency, public participation, and the need to make sure this novel process achieves what it sets out to. Staff disagrees with the need to open all of the stated WACs as it is clear that the Decarbonization Act gives the Commission the ability to consolidate all RCWs cited in RCW 80.86.020(2)(a) into one set of rules, draft WAC 480-95, and apply those rules to a Large Combination Utility. The purpose section of the rule, draft WAC 480-95-010 states this plainly. Additionally, statute mandates that we have a limited amount of time to adopt these rules, which is quickly approaching.		None

	an integrated resource plan) ≠ 480-100-630 (Integrated resource planning advisory groups) ≠ 480-100-645 (Process for review of CEIP and updates) ≠ 480-100-650 (Reporting and compliance) ≠ 480-100-655 (Public participation in a CEIP) ≠ 480-109-210 (Renewable portfolio standard reporting) ≠ Multiple sections of Chapter 480-107			
PSE- I-2066	I-2066 is still in process in the courts; Commission should consider two sets of draft rules to prepare for either outcome.	Staff declines to accept this suggestion. It is unclear that I-2066 will be decided upon before the Commission must issue a rule. The Commission will work under the current set of rules.		None
PSE- WAC 480-95-050(9)	Recommends a permanent exemption for the Utility from WAC 480-106-040(1)(b) as WAC 480-95-050(9) makes those requirements obsolete and no longer applicable.	Staff agrees.		Yes
PSE- Data Disclosure	Early access to data without Utility staff answering questions and without the ISP solutions context will not lead to transparency but confusion. The ISP's formal review process will allow for engagement with the data within the context of the ISP.	Staff disagrees with this assertion. Intervenors need the most up to data in order to be able to properly scrutinize the model. Share the final inputs before PSE is finished.		None

	WAC 480-95-080(2)(c) - language is unnecessary; Utility prefers preexisting procedures and regulations.			
PSE- WAC 480-95-050(4)	Recommend striking “best science available” language as it is unclear. “Maximum customer benefit scenario” is based on subjective measurements and metrics and should be removed as a requirement.	Staff disagrees with striking the best science available language and maximum customer benefit scenario language. PSE has been operating under this exact language in WAC 480-100-620(10)(b) and (c). Commission Staff believes these requirements are in the public interest and given that PSE has achieved them in the past we believe that this language is not unclear.		None
PSE- Cost Test, General	Draft rule approach is overly prescriptive and “imaginative” in the values that can and should be quantified at the portfolio level. The approach Staff uses is more suited for granular DER-type analysis, not ISP-level analysis, which is more holistic and large-scale. Several concerns about this approach: ⊄ Potential of double-counting of costs and benefits ⊄ Some elements, like equity, are better addressed through qualitative measures, not portfolio-level quantified analysis ⊄ The quantifications required by this Cost Test approach would be very costly to	1. Staff disagrees that the draft rule is “overly prescriptive and imaginative”, or more suited for a “DER-style analysis”. Based on statute, the cost test is for “decarbonization and emission reduction measures”, which include DERs. All costs and benefits captured under Lowest Reasonable Cost definition and that ensure alignment with the public interest determination are included. 2. Staff acknowledges the stated concern with double-counting, and believe additional guidance may be necessary. Staff disagrees that the rules, as written, imply a process or methodology that requires double counting. 3. Staff agrees that equity is likely best addressed qualitatively. Current rules allow for this. Adoption order can expressly encourage this.		1. N o n e 2. N o n e 3. N o n e 4. N o n e 5. N o n e

	commission studies for as the information required is not readily available. Cost Test is meant to be only one factor in determining if an ISP is in the public interest and therefore should only include the information that is readily quantifiable in determining emission reduction measures, not all factors that must be used to make the public interest determination. Provides alternate cost test rule language in Jan. 8 comments and in attached redlines.	Nothing in rule directs the company to conduct “costly or time-consuming” studies. The rules outline the desire to monetize where possible, but are not overly proscriptive in making the Company do specific actions. The Company can find its own studies, solicit feedback from RPAG, propose proxies, etc. A robust stakeholder process is necessary to a fully developed preferred portfolio. 4. Staff disagrees with PSE’s implication that the rules, as written, intend for the cost test to be the “only” public interest criteria. The current rules draft explicitly state that the test will be used “...as an input to the Commission’s determination on whether the ISP is in the public interest pursuant to WAC 480-95-080(7).” However, Staff will review the rules to determine if additional clarity may be needed. 5. Staff agree that the cost test should “narrowly” focus on those elements that are readily quantifiable in evaluating the cost of emission reduction measures”, and the rest should be in the decision framework. This is currently how the rules are designed.		
PSE- PoR Rule Changes, Supplemental Comments	Allow for flexibility in acquiring resources based on approved ISP; allow Commission to approve certain RFP elements (such as drafts and evaluator); allow for approval of acquisitions above 100 MW or for greater than 5 years.	Staff disagrees with all the suggested rule changes. However, Staff has noted in rule that the Utility may request an exemption from procurement rule when filing its ISP. The CR-101 does not open WAC 480-107 except to narrowly include the ISP into those rules. Staff views the changing of the procurement rules to go beyond the planning requirement, something that PSE	Yes, WAC 480-95-060(3)(a), WAC 480-95-060(3)(b), and WAC 480-95-060(3)(c)	None

	Utility is currently required to issue all-source RFPs, which are practically difficult to manage without adding comparable value to the process. Suggest changing requirement for an all-source RFP to ones that are targeted based on approved ISP to allow for flexibility of sourcing and the relevant analysis. Targeted RFPs are also consistent with CEIP guidance under CETA. Additionally, Utility proposes language to help streamline the RFP process by consolidating part of the RFP process in an ISP. Also proposes exemption to RFP rules for acquisitions below 100 MW or less than 5 years in aggregate, and that the approval process for acquisitions be moved until after the completion of acquisition contracts are finalized and executed, pursuant to WAC 480-107-035.	has asserted within their comments on draft WAC 480-95.	PP 3, 5, 6	
Third Act and WCEC- WAC 480-95-030	Many cost test factors should not be evaluated solely on monetized values. Lowest reasonable cost of a portfolio is only one factor in evaluating potentially alternative portfolios. The decision framework should be larger than the cost test, not the other way around as it is currently framed in the draft rules.	Staff agrees that many cost test factors should not be monetized. The rules provide flexibility for the Utility to determine which impacts should be monetized. That decision should be informed by best practice and public engagement, not by the rules being preemptively proscriptive. Staff disagrees that there are factors outside of lowest reasonable cost that will inform portfolio selection. Lowest reasonable cost is		Yes

		characterized by a broad set of both monetized and non-monetized impacts, that are all reflective of the public interest. The rules allow for portfolio selection based on analysis of these impacts. Ultimately, portfolio selection will not rely only on monetized impacts. Staff have revised the decision framework to clarify that it is a Matrix of Cost Test Results, designed to transparently showcase all impact values (monetized, quantified, or qualified) and the analysis of said impacts that informs the preferred portfolio. Both the Commission and interested parties will be able to review that selection to determine whether it was the most preferred or not.		
Third Act and WCEC- WAC 480-95-040	Non-DER, transmission-connected renewable sources are not currently included in the assessment for potentially available renewable generation sources. Compliance with CETA requires identification of renewable resources but not assessment, which is necessary for accurate scenario-based planning purposes and to meet the intent of <i>RCW 80.86</i>. <i>“RCW 19.280.030</i> requires assessments of renewable resources that are not necessarily distributed resources, and comparative evaluations with non-	Staff believes the draft rules do include everything that this comment proposes. Staff disagrees with the assessment that non-DER renewables are not currently included in the assessment of renewable generation sources. Draft WAC 480-95-040(2) “Supply-side resources” addresses this. Staff believes the requirements of RCW 19.28.030 are met in draft WAC 480-95-040(4). Staff believes that draft WAC 480-95-050(2) covers the suggested edit from the previously submitted comments. It is clear that the Large Combination Utility already does this as part of its planning processes.	Yes, WAC 480-95-040 P 2-3	None

	renewables as well as transmission assessments for Integrated Resource Plans. Although the ISP is intended to replace the IRP required under <i>RCW 19.280.030</i>, requirements that apply to IRPs and meet the intent of <i>RCW 80.86</i> should also be applied to ISPs.” Previous comments submitted include other criteria for assessments, including geographical surveys and suggested language for <i>WAC 480-95-030</i>			
Third Act and WCEC- <i>WAC 480-95-080(1)</i> - <i>Public Participation</i>	Concerned about PSE’s current public participation processes and engagement. Feel that PSE needs to be more collaborative in their public engagement and that Sections (2)(c) and (d) should address meaningful public participation and how comments from members of the public should be handled, integrating standards from the International Association for Public Participation. While PSE has previously used IAP2 standards, those methods have eroded over time.	Staff declines to accept any changes to draft <i>WAC 480-95-080(2)(c)</i> as the suggestion is vague and subjective. The Commission and Commission staff takes PSE’s responsibility to have a substantive dialogue with the public seriously. Commission Staff has had multiple conversations with PSE around its responses to public comment. Staff will change the rule in draft <i>WAC 480-95-080(2)(d)</i> to clarify that advisory group comments include comments from the public. While Staff declines to suggest an addition to the rule that codifies the use of the IAP2 spectrum, Staff recommends the Commission address the need for a resource planning advisory group to be governed under the IAP2 spectrum in its most current form in its order adopting the ISP rules.		Yes

Third Act and WCEC- WAC 480-95-080(3) - <i>Data Disclosure</i>	Reiterate previously offered redlined suggestions	Staff disagrees with suggestions to change 480-95-080(3)(a) & (c) there is nothing that indicates that PSE is at risk of distributing data within its planning model that would personally identify a customer. If there is evidence that this happens and is a pressing issue this needs to be addressed by the Commission in other venues. Staff hears the concern that as the natural gas portion of the utility's service territory shrinks the data around residential customers will make it easier to identify which customers are still using gas, though Staff believes this is better left to the discretion of the utility to make sure its data does not contain any personally identifiable information.	Yes, WAC 480-95-080(3) P 5	None
Third Act and WCEC- WAC 480-95-080(6) - <i>Midway Update</i>	In addition to the related Commission question addressed below, offer concern that ISP resource planning must include plans for integration of gas and electric and since CEIP and CEAP only address the electrical system, midway ISP updates are necessary to integrate the gas system projections and plans between scheduled ISPs.	Staff disagrees. Staff does not see how the rules for a midway update, as currently written, would exclude integration of the natural gas system. Staff proposes an implementation plan in ISP rules that does not require a CEIP be filed. Additionally, a midway update would include a new preferred portfolio that would include gas system projections.		None
Third Act and WCEC- Response to	Disagree with Utility's argument that the Commission does not have the authority to set emission targets in	Staff agrees. Staff believes that the plain language suggests that these are enforceable, a plan by itself does not "achieve" anything and		None

PSE's Comments re: GHG Emission Targets	the implementation of the Decarbonization Act. The act includes language that includes the Commission's ability to evaluate the filed ISP based in part on whether it will achieve the Utility's proportional share of emissions reductions, which is a higher standard than previous requirements under CCA. However, these targets do not contravene CCA, as the Utility claims, but rather supplement it. The additional requirements are important because they are specifically for the particularities of a large combination utility. Subsections 4-6 of Section 1 of the Decarbonization Act (which is customarily not included in the RCW) provides clarity on the legislative intent of the Decarbonization Act in relation to emissions reduction targets and the "thoughtful transition" to decarbonization. These sections make it clear that the Decarbonization Act's primary purpose is to reduce emissions in an equitable manner.	these subsections require a very complicated analysis of technical and commercial feasibility. It would be strange if these were not enforceable in any way. Staff recommend including these as planning requirements with associated enforceable targets. Planning without any intention of implementing it would be inconsistent with good planning practice		
AWEC- Cost Test	Reiterates previously proposed two-part Cost Test to address higher costs potentially caused by current Cost Test draft.	Staff disagrees with the suggestion to split the cost test into two parts. Staff strongly desires to avoid a situation where the Commission must make any decision based on competing and conflicting test results. Staff also disagrees with	Yes, WAC 480-95-030(8) P 2	None

	Part One would be the Planning Cost Test, which is largely consistent with the current draft. Part Two would be a Customer Cost Test that would ensure no unfair cost burdens.	the recommendation that each large combination utility should project the rate impacts for each specific action, program, or investment, based on customer class. Each Large Combination Utility will consider hundreds of combinations of action, program, or investments across various resource types. Consideration of rates for multiple customer classes across multiple actions, programs, or investments would be administratively complex. Staff notes the concern regarding rate impacts on different customer classes. Staff believe the inclusion of rate and equity considerations should adequately allow for an analysis of and final determination on a portfolio that balances multiple competing interest.		
AWEC-Projected Rate and Bill Impacts	Concerned about the lack of granularity in regard to rate and bill impacts. Proposes PSE be required to forecast rate impact, by rate schedule, for each year of implementation period as defined by rule, relying on their most recently approved COSS.	Staff disagrees with the recommendation to <i>require</i> each large combination utility to conduct granular rate and bill impact analysis. The current version of rule requiring analysis of rates satisfactorily strikes a balance of what is needed in the Commissions public interest determination and what is achievable within the timeframe.	Yes, WAC 480-95-030(8)(b) P 3	None
AWEC-Emissions Reduction Requirements	The Decarbonization Act does not require the establishment of nor commitment to specific emissions reduction results. In establishing these criteria in WAC 480-95-060(2)(a)(v) and WAC 480-95-070(1)(c) and (3)(b), the Commission exceeds its mandate.	Staff disagrees. The plain language of the statute suggests that emissions reduction targets are enforceable, a plan by itself does not “achieve” anything and these subsections require a very complicated analysis of technical and commercial feasibility. Staff recommends including emissions reductions as planning requirements with associated enforceable targets. Planning without		None

		any intention of implementing it would be inconsistent with good planning practice		
AWEC- CCA Compliance	Unclear on intent behind specifically identifying the CCA in <i>WAC 480-95-060(5)</i> as PSE is required to meet all applicable regulatory requirements. Additional explanation is necessary regarding the intent in explicitly naming the CCA.	The intent behind identifying the CCA in <i>WAC 480-95-060(5)</i> stems from RCW 19.405.060(1)(b)(iii) which states: "Identify specific actions to be taken by the investor-owned utility over the next four years, consistent with the utility's long-range integrated resource plan and resource adequacy requirements, that demonstrate progress toward meeting the standards under RCW 19.405.040 (1) and 19.405.050 (1) and the interim targets proposed under (a)(i) of this subsection. The specific actions identified must be informed by the investor-owned utility's historic performance under median water conditions and resource capability and by the investor-owned utility's participation in centralized markets . In identifying specific actions in its clean energy implementation plan, the investor-owned utility may also take into consideration any significant and unplanned loss or addition of load it experiences." (emphasis added) Given that the CCA is a centralized market Staff believes this needed a specific mention in rule. In general, an ISP will need to demonstrate that it accounts for the need to comply with, and the impacts of, the CCA in order for the ISP preferred portfolio to meet the lowest reasonable cost requirements.		None
AWEC- Electrification	Inclusion of requirement to report on electrification suggests that the ISP should achieve some amount of electrification when <i>RCW 80.86.020</i> does not include any such	Staff disagrees with the first point, Staff does not believe the requirement to file a report is the same as the requirement that a large combination utility should achieve some amount of electrification. Staff disagreement with point		None

	requirement. Clarification should be provided that this reporting is for informational purposes only.	one renders the second point moot.		
AWEC- Definition of Implementation Period	Reiterates previous suggestion that this definition be deleted in its entirety. If it is kept, it should be amended to be less prescriptive and to begin after the Commission approves an ISP. An implementation period should not overlap with the Commission's review.	Staff would like a determination from the Commission as it may affect the filing timeline of subsequent ISPs. Staff disagrees that the definition of implementation period is self-explanatory. Staff believes that there are areas of the filed ISP that will not be in dispute within the approval process that will otherwise be a detriment if they are not implemented within the filing review of the ISP as a whole. Staff views part of this process as it does the IRP process, in which an IRP is effective when it is filed with the Commission. There are other processes that can be implemented that are not affected by ISP approval such as utility procurement.		None
AWEC- Data Disclosure	Reiterates concerns regarding the obligation for PSE to provide licenses for only three interested parties. Will PSE or the Commission decide who the three parties are and how? Recommends against inclusion of a specific number of licenses and suggests PSE be required to secure one license for each participating organization.	Staff is supportive of granting licenses to intervenors and views Commission orders as a better place to settle on a method for granting licenses.		None
Donna Albert- Health and Equity	Commission has a responsibility to protect customers against the reported health harms of residential natural gas usage. A mechanism for considering health impacts should	Staff disagrees with this suggestion. Staff believes that the rules as written addresses this. To the extent that health impacts are monetizable, they can be captured in the Cost Test and by being monetized the lowest		None

	be integrated outside of the Cost Test by the Commission and should include metrics that correlate to avoided negative health impacts because of more timely residential and transportation electrification. <i>WAC 480-95-060(5)(b)</i> should explicitly include “long-term and short-term public health and environmental benefits and reduction of costs and risks.”	reasonable cost will include benefits from reduced health impacts. Additionally, if health impacts cannot be monetized, they can be accounted for quantitatively in the decision framework. Staff believes this process is robust enough that if there is not appropriate methodology for monetizing health and safety impacts that they are still accounted for in the preferred portfolio.		
RN, CS, NWECC, & RA-Definition of “commercially available”	Updated definition does not include distinction between resources that are currently available and those that are reasonably anticipated to be available within the ISP’s time period. Emerging technologies should be incentivized along with current technologies while also recognizing that emerging technologies may not be as appropriate or scalable as current technologies and could potentially cause Utility to defer investment in current and cleaner or safer technologies in favor of future emerging technologies. Emerging technologies could be added to “lowest reasonable cost” definition and integrated into the Cost Test.	Staff disagrees with this suggestion. Staff’s preferred position is that the Commission should state in its final order a clarification around distinguishing between resources that are commercially available and reasonably anticipated to become available. Staff disagrees with editing the lowest reasonable cost definition as it is defined in statute.	Yes, <i>WAC 480-95-020(34)</i> P 11	None

RN, CS, NWEC, & RA-Capex Plan	Reiterate suggestion for Commission to require Utility to identify capital investments by investment category for all scenarios and sensitivities, including gas distribution system investments. ● Add a new requirement after (050)(2) <i>Resource Evaluation</i>, that requires the utility “identify the gas plant capital expenditures and investments by category,” and ● Require the Matrix of Results in (050)(7)(a) to include the resulting gas plant expenditures by investment category.	Staff disagrees with the recommendation to require each large combination utility to identify capital expenditures and investments by category for all the utility’s scenarios and sensitivity runs. Each scenario and sensitivity is intended to control for various inputs and changing factors, and it would be inappropriate to limit the outcome of each scenario and sensitivity in such a way. Staff believe that the Cost Test Matrix of Results (formerly Decision Framework and the Matrix of Results) should include all utility system impacts. Included within those impacts is gas plant expenditures by investment. Staff disagree that specific cost categories should be detailed in rule.		None
RN, CS, NWEC, & RA-Incorrect Citations	Several incorrect citations throughout draft rules, including: ● The citing of <i>RCW 80.86.020(10)</i> in <i>WAC 480-95-030(8)</i> should cite <i>RCW 80.826.010(22)</i> when referencing the lowest reasonable cost determination. ● <i>WAC 480-95-030(8)</i> also cites later sections of the draft rules that don’t seem to be relevant. <i>WAC 480-95-050(7)</i> is cited for the Commission’s determination on whether the ISP is in the public interest, but that section describes the Clean Energy Action Plan. ● <i>WAC 480-95-030(8)(a)(ii)(J)</i>	Agree. Staff has corrected the citations.		Yes

	discusses equity impacts, but cites a section focused on safety and reliable operation			
RN, CS, NWECA, & RA- “Recommendations” Language	Would like more clarity on the “recommendations” requirements that are referenced in the draft rules requiring the Utility to demonstrate progress on “recommendations” contained in its previously filed ISP or previously applicable plans (WAC 480-95-050 (11) and WAC 480-95-060 (7)).	In this case, Staff is referring to recommendations made by interested parties that were unable to be incorporated (for example, due to timing constraints or technological limitations) in the previous ISP but deemed to be an improvement of the plan.		n/a

Questions & Themes:

Cost Test

The draft ISP rules require that the cost test be used both to determine a lowest reasonable cost portfolio, as defined in *RCW 80.86.010(22)*, and to support the Commission in its public interest determination, as described in *RCW 80.86.020(11)*. **Are any of the impacts included in the cost test not included in *RCW 80.86.010(22)* or *RCW 80.86.020(11)*? Conversely, are there any impacts included in *RCW 80.86.010(22)* or *RCW 80.86.020(11)* that are missing from the cost test?**

Comments Themes:

- ⊄ All of *RCW 80.86.010(22)* belongs in the Cost Test
- ⊄ Reliability and resilience may belong; however, personal energy security and personal resilience should be evaluated outside of Cost Test
- ⊄ There are several aspects of *RCW 80.86.010(11)* and *RCW 80.86.010(22)* that should be integrated into the Cost Test

€ Clarify unclear language; remove “other fuels” as it is unfeasible to track at the planning level.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Donna Albert-A	All of <i>RCW 80.86.010(22)</i> belongs in the Cost Test as it is a policy mandate for the ISP. “Selection and approval of a preferred portfolio for the ISP should be done within a larger decision framework that includes considerations that should not be monetized in the cost test.”	Staff agrees. The cost test is required to be used to achieve lowest reasonable cost portfolio, and lowest reasonable cost must include several analysis as defined in <i>RCW 80.86.010(22)</i> is included within the cost test. Staff notes that the impacts listed in the draft rule are to be accounted for in the development of the preferred portfolio, but the ultimate approval will not solely rest on the results of the Cost Test, as other portions of the ISP will also come into the Commission’s decision to approve, approve with conditions, or deny the ISP.		None
Donna Albert-B	Reliability and resilience may belong both in the Cost Test and the distributional equity evaluation. Personal energy security and personal resilience should be evaluated outside the Cost Test.	Staff disagrees. Staff notes, as above, that the inclusion of the impacts in the draft cost test rule is for the development of the preferred portfolio, and that there will be other considerations for the Commission in deciding to approve an ISP.	Yes, <i>WAC 480-95-050(8)</i>, <i>WAC 480-95-030(8)(a)</i>, and <i>WAC 480-95-050(8)(f)</i> P 5	Yes

		Suggestion 1: Staff declines to delete completely, but will edit to better reflect that the cost test is one input in the public interest consideration. Suggestion 2: Staff disagrees. The current draft rule already reflects what is in 80.86.010(22). Suggestion 3: Staff disagrees. This is mandated in RCW 80.86. and that WAC 480-95-050(8) is not the appropriate place to make that change.		
RN, CS, NWECC, & RA-B	The following requirements from <i>RCW 80.86.010(22)</i> are missing from the cost test (they note that statute includes these must be included “at minimum”: • Long-term costs and benefits; • Public policies regarding resource preference adopted by Washington state or the federal government; • The cost of risks associated with environmental effects including potential spills and emissions of carbon dioxide. The following requirements from <i>RCW 80.86.010(11)</i> are missing from the cost test: • “The equitable distribution and prioritization of energy benefits and	Staff agrees. The bullets listed are now reflected within the cost test rule. For example, “Long-term and short-term public health, economic, and environmental benefits and the reduction of costs and risks” is now reflected in through the “healthy and safety” and “equity” impacts listed in rule. Additionally, Staff notes the cost test may be used by the Commission as an input to its public interest determination in addition to the development of the preferred portfolio. The implicit approval w/ inclusion of components from .020(11) and the		None

	reduction of burdens to vulnerable populations, highly impacted communities, and overburdened communities;" (RCW 80.86.020(11)(a)) • "Long-term and short-term public health, economic, and environmental benefits and the reduction of costs and risks." The cost test does not explicitly include long-term and short-term benefits. (RCW 80.86.020(11)(b)); and • "Energy security and resiliency"; (RCW 80.86.020(11)(f)). Additionally, the requirements in RCW 80.86.020(11) to determine if an ISP is in the public interest are missing from the cost test. They recommend to ensure all statutory requirements are included, or specify where else they would be included.	use of the cost test as one input. This is stated explicitly in question 4.		
PSE	Yes First, statute does not refer to "host customers" or "host customer impacts." PSE notes that its cost analysis of these measures does traditionally include demand-side non-energy impacts (NEIs) and therefore those impacts would be reflected for applicable measures in the overall societal cost impact that PSE is proposing. This language change is	1) Staff disagrees. Exclusion of host customer impacts may lead to biasing of resources, which would not result in the lowest reasonable cost of emission reduction measures. PSE recommends only including utility system impacts, which include electric/gas revenue requirement. If the Company includes all costs of emission reduction measures but		1. None 2. None 3. None

	unclear and could potentially lead to double-counting in cost analysis. Second, statute also does not include “other fuels”. Third, equity impacts should not be quantified in a Cost Test; while it does belong in the ISP, it is inappropriate to monetize equity considerations as part of the Cost Test.	excludes the benefits to customers, then supply side resources will look more attractive. If host customer benefits were removed from rule, then host customer costs should be removed as well. Limiting the cost test to only utility system costs would not have the impact PSE suggests in their comments. Under the new definition of system costs in DALCU, the test would still include “such quantifiable environmental costs and benefits and other energy and nonenergy benefits as are directly attributable to the project or resource, including flexibility, resilience, reliability, greenhouse gas emissions reductions, and air quality. “ 2) Staff disagrees. The cost test is specifically required for emission reduction measures. Without looking at the impact on “other fuels” it would not be possible to accurately look at emission reduction. 3) Staff disagrees and acknowledges that at this point equity should probably not be monetized in the cost test. However,		
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		the cost test is designed to find the “lowest reasonable cost” and to be used as input to the Commission’s public interest determination of the ISP. As it stands, equity is “in the cost test” but will be evaluated “outside” of monetary analysis.		
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The draft ISP rules require the inclusion of both monetized and non-monetized impacts. The Commission recognizes that while many impacts need to be included in the cost test, not all impacts can or should be monetized or quantified. For example, best practices suggest that some equity impacts should not be monetized and that equity impacts should be compared separately, alongside the monetary results of benefit-cost analysis. Likewise, rate and bill impact analysis should be compared alongside cost analysis. **Do the draft rules provide sufficient flexibility to account for both monetized and non-monetized impacts in the cost test?**

Comments Themes:

- ⊄ Not all impacts belong in Cost Test (see answers to Q1 A and B)
- ⊄ Draft rules provide enough flexibility
- ⊄ Do not provide sufficient flexibility; monetization impact should be focused on greenhouse gas emissions, which already has monetization statutory guidance.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Donna Albert	Not all impacts belong in Cost Test, such as equity impacts (see answers to Cost Test Question 1, A and B above)	Staff disagrees with the assertion that not all impacts belong in the cost test. Staff agrees that some of the impacts should not be		None

		monetized to some degree but should be able to reside within the cost test to be accounted for in some manner. Staff believes that proposed WAC 480-95-080(3) addresses the concern around the ability of the Commission to get the data it needs to make an informed decision.		
RN, CS, NWE, & RA	Yes, we believe the draft rules provide enough flexibility.	No response necessary.		n/a
PSE	No, draft rules do not provide sufficient flexibility as not as impacts can or should be monetized. Rather, the monetization impact that should be focused on in the Cost Test is greenhouse gas emissions. Other externalities lack the necessary statutory guidance of monetization. PSE is strongly concerned that the requirement to monetize impacts would bog the ISP down in extended debates about appropriate dollar-per-unit values or if a monetization value is	1. Staff disagrees with the assertion that the rule says that anything that can be monetized must immediately be monetized. Staff included the secondary process as defined in draft WAC 480-95-030(8)(a) for how to quantify or qualify impacts that could not be monetized. 2. Staff disagrees with the notion that there is potential for the ISP process to “bogged down” in debate. Rather, there should be active discussion and		1. None 2. None 3. Yes

	appropriate at all. However, changing “monetizable” to “monetized” would be an improvement.	engagement to appropriately value material and relevant impacts. The status quo PSE is proposing would effectively assign a monetary value of “zero” to impacts, rather than work towards an appropriate value. 3. Staff agree with the recommendation to change “monetizable to “monetized” in some areas.		
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The draft ISP rules are written to allow a large combination utility to use current practices to account for both monetized and non-monetized impacts when applying the cost test, and to incrementally improve on the monetization and quantification of hard-to-quantify impacts leading up to each subsequent integrated system plan. **Is it clear that the draft rules allow for incremental improvements over time? What additional guidance may be needed to assist a large combination utility to account for non-monetary and hard-to-quantify impacts?**

Comments Themes:

- ⌘ See answers to Q1, A and B
- ⌘ It is not clear; draft rules should direct Utility to make incremental improvements over time.
- ⌘ Stakeholder feedback should be solicited for quantification of hard-to-quantify impacts.
- ⌘ It is not clear; current Cost Test requires everything that is monetizable be monetized.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Donna Albert	See above answers to Question 1, A and B.	<i>See above.</i> Staff disagrees with the assertion that not all impacts belong in the cost test. Staff believes that proposed WAC 480-95-080(3) addresses the concern around the ability of the Commission to get the data it needs to make an informed decision.		None
RN, CS, NWEA, & RA	It is not clear that the draft rules allow for incremental improvements over time. Without explicit statement, whatever inaugural ISP methodology is used will likely be kept over time, regardless of evolution of best practices. Draft rules should direct the Utility to make incremental improvements over time. Draft rules should require Utility to seek stakeholder feedback on monetization and quantification of hard-to-quantify impacts.	1. Staff disagrees that additional guidance on an iterative process may be necessary, but is open to additional guidance coming from another venue. Staff views the combination of the requirement to seek input from the Commission, the utility advisory groups, and public combined with the requirement to report on progress towards implementing recommendations in later ISPs as sufficient to ensure that methodology will improve over time. 2. Staff agrees. Edits in the Cost Test rule now require the Utility to seek stakeholder feedback.		1. None 2. Yes
PSE	It is not clear that the draft rules allow for	Staff appreciates the feedback that		None

	incremental improvements over time. The Cost Test and Decision Framework would require Utility to monetize everything that is monetizable, which would be a “time-consuming and distracting process.”	more guidance may be needed to outline the incremental nature of the cost test and that not all impacts must be monetized. Staff has added in a requirement that the utility seek feedback from the Commission, advisory groups and the public to help make this progress become more iterative over time. Staff also views the requirement that the utility incorporate recommendations into its next ISP as an area where it can make incremental improvements over time. Staff disagrees that it would be “time-consuming and distracting” to dedicate attention and resources to assigning appropriate values to material and relevant impacts.		
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The draft ISP rules allow for the cost test to be used as an input to the Commission’s determination of whether the ISP is in the public interest. Each large combination utility must submit to the Commission an ISP that adequately captures the considerations from *RCW 80.86.020(12)* in tandem with the cost test. **Do the draft cost test rules provide adequate guidance that the cost test is one input to be used to determine whether the ISP is in the public interest?**

Comments Themes:

- € Propose second part to Cost Test that ensures no unfair cost burden for customers. Also concerned about the lack of

granularity in regard to rate and bill impact forecasting.

- ⌘ Cost Test should be one part of a larger decision making framework.
- ⌘ It is unclear what other inputs will be used to determine if ISP is in the public interest.
- ⌘ Changes are needed to make it clear that the Cost Test is one important factor in determination, not the only factor.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
AWEC	Reiterates first two points of general comments regarding cost test structure and rate and bill impacts.	<i>See above.</i>	Yes, WAC 480-95-030(8) - P 2 and WAC 480-95-030(8)(b) - P 3	None
Donna Albert	If suggested changes from Questions 1 and 2 are integrated, it will be clear that the cost test is one input that is considered when determining whether an ISP is in the public interest.	<i>See above.</i>		None
RN, CS, NWEA, & RA	Yes, it is clear; however, it is unclear what other inputs will be used to determine if the ISP is in the public interest.	Staff has added language into the rule changing the “Decision Framework” title to “Matrix of Cost Test Results”. Staff also added language that directs the large combination utility to describe how its preferred portfolio aligns with the public interest components from statute. These changes help clarify that while the cost test is		Yes

		one input to the ISP, it should likely be the overarching, paramount input.		
PSE	PSE agrees that the cost test is one important consideration in the Commission's review process. PSE indicates that the cost test should be for forecasted societal costs and forecasted rates. PSE is generally comfortable w/ decision framework, but thinks significant changes are needed to distinguish it from the Cost Test and illustrate that the Cost Test is one input into the Decision Framework. Otherwise, Utility supports the overall structure.	Staff agrees that additional clarity is needed to show that, specifically to outline that there are not multiple inputs within the decision framework. Staff are changing the name of the "Decision Framework" to the "Matrix Of Cost Test Results" to better show that this section The lowest reasonable cost portfolio must have non-monetized impacts evaluated against it. Those separate analyses (which may include rate, bill, equity, economic/jobs) will roll into the Matrix of Cost Test Results.	Yes, WAC 480-95-050(8)	Yes

The draft ISP rules include a rate and bill impact component in the cost test to indicate the extent to which each portfolio increases or decreases forecasted rates and bills. The rate and bill impact is applied at the portfolio level, consistent with *RCW 80.86.020(9)*, as it may be administratively burdensome to require more granular application of a rate and bill analysis to individual customer classes.

Do the draft rules provide adequate guidance both for how to apply and at what level to apply the rate and bill impacts in the cost test?

Comments Themes:

- ⌘ Metrics at the portfolio level are not adequate to understand the rate and bill impacts for customers.
- ⌘ Utility should identify uniquely impacting factors on specific customer classes, i.e. low-income residential customers.
- ⌘ This approach would be unfeasible and prohibitively burdensome. Propose providing system average rate impacts for electric customers and gas customers and develop approximate estimated bill impacts by class.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
AWEC	No, rate and bill impacts for customers are not adequately addressed for either the cost test or to determine whether an ISP is in the public interest. Costs over average usage are not adequate to understand impacts on each customer class for PSE's potential actions based on the current draft rules.	Staff disagrees. See above comment on rationale for denying recommendation.		None
RN, CS, NWECA, & RA	To the extent possible, Utility should identify factors that differentiate or uniquely impact specific customer classes, with special regard placed on low-income residential customers' rate and bill impacts.	Staff appreciate the feedback. Staff believes that such granularity is included within the "equity" impact but will explore what additional guidance may be needed.		None
PSE	Agree that it would be administratively burdensome and unfeasible to conduct rate and bill impact analysis at more granular than portfolio level. Two concerns: First, the requirement to provide individual customer class-level bill impacts is unfeasible in the level of granularity and data requirements. Second, providing full forecasted rates or bills is not possible for a planning-level exercise like the ISP. PSE proposes providing system average rate impacts for electric customers and gas	1. Staff agrees that it would be administratively burdensome – and possibly unfeasible - to conduct a rate and bill impact analysis at a granular level. While granularity is difficult to achieve, Staff decline to remove the requirements altogether. Rather, the rules will require the rate impacts be estimated on average. 2. Likewise, Staff agree with PSE's recommendation to develop approximate estimates for bill impacts. The rules will require bill impacts be estimated by indicating the extent to which each portfolio increases or decreases utility		1. Yes 2. Yes

	customers and develop approximate estimated bill impacts by class.	system revenue requirements on average for each applicable year of the study period.		
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The “decision framework” section, set forth in draft *WAC 480-95-050(8)*, outlines how each large combination utility must select its preferred portfolio based on the results of the cost test. **Does the Decision Framework section provide adequate guidance for how each large combination utility should present, consider, and utilize the results of its cost test as presented in the Decision Framework? What other guidance may be needed in the Decision Framework Section?**

Comments Themes:

- ⌘ Unclear on the need for the Decision Framework but no objections to requirement of Utility to provide narrative reasoning for preferred portfolio.
- ⌘ Unclear on how Decision Framework differs from the Cost Test.
- ⌘ Decision Framework should be tied to overall Commission ISP review process.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
AWEC	Questions the necessity of the Decision Framework as Utility should already be operating based on the requirements of ESHB 1589 and other WA statutes. However, no concerns over requirement for Utility to provide narrative reasoning for portfolio selection.	Staff appreciates the feedback. The Decision Framework, now the Matrix of Cost Test Results, is needed for the large combination utility to transparently show how it is considering the lowest reasonable cost portfolio and adhering to statute.		Yes

RN, CS, NWE, & RA	Unclear how the Decision Framework differs from the Cost Test; request more clarity on other tools that will be used alongside the Cost Test in the Decision Framework.	Staff agrees that additionally clarity is needed. Staff has changed the Decision Framework to the Cost Test Matrix of results and added additional language that clarifies that the Cost Test Matrix will be used to explain the factors that are used in the Cost Test to explain how the Company ended up at its preferred portfolio.		Yes
PSE	Recommends Decision Framework be tied to overall Commission review process for ISP, and incorporate forecasted quantitative and qualitative information for all elements of .020(11).	Staff agrees that the decision can be better tied to the overall Commission review process. Staff disagrees with the proposed redlines and has added its own redlines that account for more the public interest requirements in RCW 80.86.020(11).	Yes, WAC 480-95-050(8)	Yes

Draft WAC 480-95-050(5) requires a large combination utility to demonstrate that the integrated system plan will optimize resources across the gas and electric systems. **Do the draft rules provide sufficient guidance for how a large combination utility should optimize resources across the gas and electric systems? If not, what additional guidance should be provided?**

Comments Themes:

- ⊘ WAC 480-95-030 appropriately includes iterative analysis requirements; however, other planning requirements are not included in this section that should be.
- ⊘ Rules provide sufficient guidance.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
RN, CS, NWEA, & RA	The iterative analysis requirement is appropriate; however, there are several planning requirements that are not included in <i>WAC 480-95-030</i> such as statutory targets required when developing CEAPs.	Staff is unsure what other planning requirements are missing. Staff believes its edits to the rule in draft WAC 480-95-030 now include these planning requirements. Regarding statutory targets, Staff believes that such targets are already being optimized for and embedded within the development of the preferred portfolio. Staff also believes that some of the language in rule requiring the Utility to adhere to statute draft WAC 480-95-050(7) clearly state that the utility must adhere to the CEAP statutory requirements.		
PSE	Rules provide sufficient guidance.	No response necessary.		None

The draft rules now include the requirement, previously removed from *RCW 80.86.020(5)* by Initiative-2066, to apply a risk reduction premium that must account for the applicable allowance ceiling price approved by the Department of Ecology pursuant to the Climate Commitment Act, *Chapter 70A.65 RCW*. **Does the cost test section of draft rules provide adequate guidance for how a large combination utility must evaluate a risk reduction premium? What other guidance, either in rule or elsewhere, may be needed?**

Comments Themes:

- ⌘ Supplemental comments will be submitted on this question.
- ⌘ Suggested language offered should repeal of I-2066 be finalized.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes
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				Reflected
RN, CS, NWE, & RA	To submit supplemental comments	No response necessary.		None
PSE	If I-2066 repeal becomes final, Utility agrees that requirement of societal component of Cost Test would be reasonable. Redlines include suggested language to be added back into ISP should this happen.	Staff agrees with the suggested edits.	Yes, WAC 480-95-030(8)(a)(ii)(L)	Yes

Draft Rules Language

Midway Update - The draft ISP rules at *WAC 480-95-080(6)(a)* describe certain conditions that, if met, would require a large combination utility to file a midway update approximately half-way through the four-year implementation period.

- a. The current draft rules include slightly different conditions as compared to the second draft proposed in *WAC 480-95-080(7)(a)(i)-(iii)*. What additions, deletions or changes should be made to the draft rules? If so, why?
- b. The current draft includes a requirement for a company to consult its advisory groups on whether a midway update is required at least one year prior to the potential filing deadline. Is one year far enough in advance to discuss whether the utility plans to file a midway update? Is it too far in advance? Please explain your answer.

Comments Themes:

- ⊘ Language suggestions offered.
- ⊘ Utility should be required to meet with advisory groups regarding necessity of midway updates.
- ⊘ Alternative option offered, should midway update not be required.
- ⊘ Utility does not support this midway update approach and recommends the requirement be lifted for at least the first few ISPs.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Third Act and WCEC - A	Suggest inserting the words "load forecast, resource availability and costs, and all other significant planning" before "assumptions..." in <i>WAC 480-95-080(6)(a)(ii)</i> , to be clear about the kind of assumptions to be considered.	Staff agrees and will implement this suggestion with the word "any" instead of "all".		Yes
Third Act and WCEC - B	Additionally, if a midway update is determined by Utility to not be required, Utility should be required to meet with its advisory groups and solicit feedback and agreement on decision.	Staff disagrees, Staff believes this is the same language as the draft rule.		None
RN, CS, NWEA, & RA	Recommend adjusting language in <i>WAC 480-95-080(6)(c)</i> to require Utility to file with the Commission either requesting to file an update or requesting to forgo an update, which will be ruled on in an open, public meeting. Recommend explicit language that the midway update is not required until the 4-year planning cycles are reached. An alternative option would be "removing the ISP midway update requirement but locking down ISP inputs ~6 months in advance of filing or conducting a 'refresh' on certain inputs closer to the filing date."	1. Staff disagrees with Suggestion 1. Staff views the requirements in draft <i>WAC 480-95-080(6)(c)</i> as sufficient. If a party objects to the contents of the report they can petition it then be heard at an Open Meeting. 2. Staff agrees with Suggestion 2. An update when the planning cycle hits 4 years makes sense, helps with PSE's concern about timing.		1. None 2. Yes
PSE-A	Primarily recommends removal of requirement, considering the timing of the first few ISPs will be close enough together that midway reports will not be possible. Recommends revisiting requirement in the future.	Staff recommends the Commission decide upon a list of options presented by Staff that seek to align PSE with the CETA timeline.		Yes

	Utility will continue to file BCPs every two years on its regular timing.			
PSE-B	Utility does not support this midway update approach.	No Staff response necessary.		N/A

Elimination of Ongoing Draft ISP Requirement – A requirement to file a draft ISP has been removed from the requirements outlined in the draft rule. Is the requirement to submit a draft ISP important, or is a final ISP filing adequate? If a draft ISP is important, please explain how to weigh the value of a draft ISP against the cost (in time and resources of all interested persons) of submitting only a final version.

Do

Comments Themes:

- ⊄ Drafts are necessary to ensure adequate feedback before finalization, including meaningful public input.
- ⊄ If draft is eliminated, public comment period on the final ISP filing should be kept and include an open public meeting with written and oral comment opportunities.
- ⊄ Utility agrees with elimination of draft filing as it is duplicative; will engage in robust public and advisory group review prior to filing.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Third Act and WCEC	Drafts are a good planning practice to solicit feedback before finalization. Consistent with practices for past IRPs. If draft is well-prepared, finalization will take little time and resources. Additionally, processes will be streamlined over	Staff agrees that drafts can be good planning practices, though believes that excluding the draft requirement in rule and instead be subject to Commission order. Staff notes the support for a draft		None

	time.	requirement.		
Donna Albert	Please provide access to ISP drafts, sufficient information to evaluate them, and sufficient time for meaningful public participation before finalization.	Staff agrees, though believes that excluding the draft requirement in rule and instead be subject to Commission order. Staff notes the support for a draft requirement.		None
RN, CS, NWEA, & RA	If a draft plan requirement is eliminated from the draft rules to lessen administrative burden on the Utility and Commission, the public comment period on the final ISP should be kept and include opportunity for both written and oral comments at an open public meeting.	Staff agrees, though believes that excluding the draft requirement in rule and instead be subject to Commission order. Given that the ISP is approved at an open meeting and the Commission has 1 year to approve, approve with condition, or reject the ISP, that seems like ample time for public comment. Staff notes the position for no draft with conditions		None
PSE	Agrees with elimination of requirement to file a draft ISP. Process is duplicative, especially when Utility plans to conduct robust public and advisory group engagement leading up to filing.	Staff agrees. Staff will reserve the determination for a draft filing to Commission order. Staff notes PSE's position against a draft requirement		Yes

Time horizons – Integrated resource plans, clean energy action plans, and clean energy implementation plans have time horizons of 20+ years, 10 years, and 4 years, respectively. There is a parallel between these plans and the contents of the ISP that meet these consolidated plans' requirements. Are there any parts of the rules where these time horizons need to be made more explicit or where the time horizon of a given requirement is unclear?

Comments Themes:

- € Clarity required around CEAP beginning and integration of CEAPs into future CEIPs.

- ⌘ Language suggestions offered.
- ⌘ Suggested preferred timelines and more flexible definition of “implementation period.”

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Third Act and WCEC	CEAP does not have a stated beginning year. Rules should state that both current CEIP and current CEAP should be updated under initial ISP. Also, should state that subsequent CEIP updates should be informed by most recent CEAPs. Unclear how 10-year cost-effective conservation potential assessment (<i>RCW 19.285.040</i>), which must inform the CEAP per <i>WAC 480-95-050 (7)(b)</i>, aligns with the 10-year CEAP itself. Suggest adding “latest” before “ten-year cost-effective conservation potential assessment.”	Staff believes that the CEAP will have the same implementation period as the ISP. Staff notes that the CEIP will be eliminated from the ISP and will be folded into the rules as the implementation plan to reflect the fact that the ISP reflects both the gas and electric system. That implementation plan will have the same beginning year as the rest of the plan.		None
PSE	Reiterates previous comments in General Comments on suggested filing schedule. While alignment with CETA four-year timeframes is supported, Utility recommends rules have a more flexible definition for “implementation period.”	Staff recommends the Commission decide upon a list of options presented by Staff that seek to align PSE with the CETA timeline.	Yes, <i>WAC 480-95-020</i>	No

Low-income electrification consent – Draft WAC 480-95-060(4)(b) includes a requirement that large combination utilities obtain explicit customer consent from a low-income customer if participation in an electrification program would increase that customer’s energy burden. How burdensome would it be to conduct and provide this level of analysis (at an individual customer level), how would it impact the feasibility of the program overall, and how should a company balance that effort with transparency and maintaining affordability for low-income customers?

Comments Themes:

- ⌘ Two comments representing three parties state that the consent should not be allowed because it will allow for increased energy burden and loss of customer protections.
- ⌘ One party states that consent is feasible and not overly burdensome for Utility and will allow for increased transparency and equity protections.
- ⌘ Electrification consent may be more appropriately addressed in program implementation plans by workgroups and filings as opposed to in the ISP, which is a planning process.
- ⌘ Utility recommends removal of this section as it could become overly burdensome and has an unclear practical process.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Third Act and WCEC	This provision should not be in the draft rules. It is not in the Decarbonization Act, which states that low-income customers will not have increased burden from electrification programs. Utility should not be allowed to ask low-income customers to sign away protections and increase burden.	Staff agrees. Staff recommends the Commission address this matter elsewhere. Staff believes this may be a misunderstanding of the consent requirement. The rule is not requesting consent to increase burden, but rather to install equipment. It is important to note that an increase in burden, even of some few-cent amount over a certain short time frame of a few days, may be possible with any energy efficiency measure		None

		installation, and, as such, is impossible for a utility to prevent in every circumstance.		
TEP	Analysis is feasible and not burdensome; PSE is already performing this analysis. The purpose of the analysis is so that electrification customers are not surprised with higher bills after receiving heat pumps from the program. Acknowledges that affordability will be negatively impacted in certain circumstances but that these impacts are considered reasonable in light of draft <i>WAC 480-95-060(4)(b)(ii)</i> requirements. The analysis and informed consent of customers is meant to be transparent and mitigate inequities.	Staff disagrees. Staff believes the stated <i>WAC 480-95-060(4)(b)(ii)</i> provides protection against energy burden generally, which is more appropriate than attempting to protect customers against energy burden increase of any amount, over any time frame, in any specific instance. Staff agrees with RN, CS, NWEAC & RA that protecting against energy burden increase via consent is best integrated into order or program design and implementation, rather than into this rule.		None
Donna Albert	<i>RCW 80.86.20(4)(h)</i> requires reduction of energy burden, not getting their permission to increase their energy burden. Low-income electrification consent should be removed from draft rules.	Staff agrees. See above.		None
RN, CS, NWEAC, & RA	Suggest that this consent be integrated into program design and implementation, which is typically delegated to workgroups, filings, and programs, not the ISP, which is a planning	Staff agrees with the suggestion to address this matter elsewhere.		None

	document. Do not oppose inclusion but suggest it is more appropriately addressed elsewhere.			
PSE	Recommends removal of this requirement as, while supportive of the attempt at transparency, there is concern it will be overly burdensome and the practical approach is unclear.	Staff agrees that this requirement is best addressed in order and in program implementation, rather than rule.		None

Nonpipeline alternatives assessment – ESHB 1589 requires large combination utilities to assess nonpipeline alternatives. This requirement includes identifying projects anticipated at least over the next 10 years. The language draft *WAC 480-95-040(3)(b)* includes this requirement, but extends the outlook to at least 20 years, rather than 10 years. Is it important to align the nonpipeline alternatives assessment with the long-term analysis required in draft *WAC 480-95-050*? Please explain why or why not.

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Comments Themes:

- ⊄ Alignment is important for more accurate alternative assessments and should not be overly burdensome as businesses with infrastructure should already have 20 year capital and maintenance plans.
- ⊄ Updated timeline is inappropriate and could lead to inaccurate or unreliable planning decisions based on speculative infrastructure forecasting.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Third Act and WCEC	Yes, the Commission-proposed alignment is important. Disclosure of known and planned projects over any time frame should not be	Staff agrees.		Yes

	burdensome for the utility. Not including planned infrastructure in a 20-year demand forecast skews alternative comparisons.			
Donna Albert	Utility must have 20 year capital and maintenance plans, as do all infrastructure businesses. Utility should be required to provide their long term infrastructure planning to the Commission.	Staff agrees.		Yes
PSE	Recommends deleting unnecessary language “may include delineation by customer class.” Changing the timeline of assessment is not appropriate. A 10 year forecast is already uncertain enough; further forecasting would be speculative and could lead to inaccurate or unreliable planning decisions.	Staff disagrees. Staff views it as important to align infrastructure timelines appropriately, which given that the ISP will look at a 20-year timeframe, it makes sense that the assessment of non-pipe alternatives does as well. Staff believes that this gives the utility a longer lead time to appropriately plan for the life of the pipeline. Additionally, if the utility does not identify any planned gas infrastructure projects going out 20 years, then it does not need to include them in such an assessment.		None

Balanced consideration of targeted electrification geography – The current draft ISP rules require a large combination utility to demonstrate that targeted electrification actions consider electrification of gas loads not served by the large combination utility (not only dual-fuel customers). Is this requirement overly burdensome? Is this a concern that needs to be addressed in rule?

Comments Themes:

- ⌘ This requirement is important and not overly burdensome; Utility must be prepared to meet electrification demands of customers transitioning away from gas.

- ⌘ Unclear on the draft rule language as it is different from what this question is asking.
- ⌘ Utility must also plan and coordinate with PUDs and utilities that will be electrifying Utility's gas-only customers as they transition to electrification.
- ⌘ These requirements are not in statute and run counter to Decarbonization Act's intent.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Third Act and WCEC	This requirement would not be overly burdensome. The utility should be prepared to service projected electric loads, regardless of gas suppliers. However, this requirement is not currently reflected in draft rules. language Draft WAC 480-95-060 (4)(d) requires consideration of targeted electrification in areas where the large combination utility provides only gas service but not electricity (question points to the opposite scenario). However, that is also not an overly burdensome requirement.	Staff disagrees with the suggestion that the utility be required to consider targeted electrification within its electric only territory. Staff believes the utility does not need to equally consider electrification in areas where they serve only electric customers given that there is an incentive to electrify those customers already if they area served by a gas utility or they have already electrified and are not being served by gas.		None
Donna Albert	Planning is necessary, regardless of which utility is providing gas service. Utility must be prepared to provide electricity for electrifying customers. Utility must also plan and coordinate proactively with PUDs or utilities that provide electricity in Utility's gas-only territory.	Staff agrees.		None

RN, CS, NWEA, & RA	To submit supplemental comments	No response necessary.		None
PSE	These requirements are not reflected in statute and would be counter to Decarbonization Act's intent. Draft rules would make cost-effective electrification more difficult to achieve. Recommend removal of entire section.	Staff notes that this based on statutory language that was previously stricken by the approval of I-2066. Staff disagrees with removing the section entirely but is open to suggested changes. Staff recommends taking out the last sentence of draft WAC 480-95-060(4)(d) and draft WAC 480-95-060(4)(d)(ii) that would make it so that geographically targeted electrification for feasible. Staff would like a determination from the Commission on this language.		No

Licensing Fees – Are there any concerns about the cost of the licensing fee(s) mentioned in *WAC 480-95-080(3)(d)*, both the direct cost, and any indirect cost to parties/staff from learning/using the fees in the long term?

Comments Themes:

- Unlikely that licenses would offer substantial costs and are therefore not concerning.
- Suggested alternatives should license costs become burdensome on Utility.
- License fees should be authorized in addition to intervenor compensation to allow for more meaningful public engagement that is not hindered by proprietary software costs.
- License fees should continue to be funded through intervenor compensation as Utility does not have a budget or process for additional funding for parties' software licenses.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Third Act and WCEC	Substantial cost would be a concern; however, it is likely a very small part of the rate base and is therefore not concerning.	Staff in principle agrees that costs will be a concern. Staff is supportive of granting licenses to intervenors and views Commission orders as a better place to settle on a method for granting licenses. Staff interprets this comment as support for the ability for PSE to offer licenses and recover costs.		Yes
AWEC	Would support deferral of license costs so Utility can recover the costs. Alternatively, offers suggestions on structuring a participatory funding framework for interested parties.	Staff is supportive of granting licenses to intervenors and views Commission orders as a better place to settle on a method for granting licenses. Staff notes support for licenses for intervenors with costs deferred and recovered.		Yes
RN, CS, NWE, & RA	If open-source software cannot be used, it is reasonable to require the Utility to obtain licenses for intervenors. In other jurisdictions, intervenors can obtain project-specific licenses rather than full software access, which reduces cost. Licensing fee should be authorized by Commission in addition to intervenor compensation to support meaningful engagement, especially if the Utility uses a proprietary model, which creates additional barriers for intervenors.	Staff is supportive of granting licenses to intervenors and views Commission orders as a better place to settle on a method for granting licenses. Staff notes support for licenses for intervenors as necessary and recovery of those costs as necessary.		Yes
PSE	Concerned about this requirement in relation to cost and logistics. Allowing intervenors to use intervenor funding for software licenses, as is currently the	Staff disagrees with the use of intervenor funding for licenses. Staff is supportive of granting licenses to intervenors and views Commission orders as a better place to settle		Yes

	procedure, is more reasonable. Utility currently has no budget for this provision and there is no process on how to determine what parties should be provided licenses.	on a method for granting licenses. Staff notes opposition to this requirement.		
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Public Participation Plan – *WAC 480-100-655* requires electric utilities to file public participation plans every May of an odd-numbered year. Staff believes this is unnecessary and conflicting with the timeline of an ISP, and so has proposed in draft *WAC 480-95-080(1)* that large combination utilities instead must file a public participation plan at the same time as a work plan, as seen in *WAC 480-95-080(5)*. As the draft rule stands, large combination utilities would have to file a work plan and a public participation plan separately, along the same timeline. Staff is interested in feedback on this change, and alternatively, about the possibility of including the public participation within the work plan (rather than as a separate filing).

Comments Themes:

- ⌘ No objections to Staff's proposed changes.
- ⌘ Commission should conduct public participation for ISP process.
- ⌘ Commission should adjust public participation process in draft rules to require more meaningful public participation opportunities.
- ⌘ Utility suggests several adjustments to make workplan and public participation plan more effective and efficient.

Party	Summary of Comment	Staff Responses	Redlines offered?	Changes Reflected
Third Act and WCEC	No objections to Staff's proposed changes.	No response necessary.		None

Donna Albert	Utility's public engagement program has not been effective; Commission should conduct public participation process.	Staff disagrees that the Commission should conduct the public participation process for the utility. The Commission offers input for the public to register an opinion on a utility's public participation process and can order process improvements by the utility.		None
RN, CS, NWECA, & RA	Support most effective approach available. More concerned with the public participation process being clear, accessible, and allows for enhanced reviewability of ISP filings. If public participation plan and work plan are filed separately, they should be clearly cross-referenced. Public should be given sufficient time for meaningful engagement with ISP materials, which is not present in the CEIP public participation outline that is applied to the draft rules. The timeframe for RPAG materials to be made available prior to meetings in <i>WAC 480-100-655(1)(g)</i> should be extended to seven business days. Additionally, advocate for Utility integration of a popular education model (such as the Spiral Model Toolkit).	Staff disagrees that the material timeline should be extended in order to keep process consistent with prior rule. Staff disagrees that education models should be included in rule but would support a large combination utility using them to enhance public participation frameworks within their public participation plans.		None
PSE	Draft rules fail to explicitly remove legacy IRP public participation requirements, so ISP public participation requirements are inefficient and burdensome. Suggest several changes: ✱ The filing timelines of public participation plan and work plan should be clarified and merged by	1. Staff agrees to merge the requirements for the public participation and work plans so long as the Company files them together. 2. Staff disagrees to the change in the timing of workplan submission. 3. Staff disagrees with the deletion of "anticipates"		1. Yes 2. None 3. None 4. None 5. Yes

	rule. ⊄ The additional requirement of filing a work plan “six months before [Utility] anticipates it will need to finalize any key ISP inputs” is not workable and would include vague and overly broad inputs. The language of “at least 15 months before the ISP due date” is enough time to file a work plan. ⊄ Language “<i>anticipates</i> significant changes in the workplan” should be changed to “<i>makes</i> significant changes.” ⊄ The list of significant topics should refer to the content in the ISP, not electric IRPs. Also should include that it is a draft list that retains flexibility to allow for appropriate advisory groups engagement. ⊄ Recommends deleting the reference to the “draft ISP” in the work plan since the latest draft rules remove that requirement.	4. Staff disagrees about the list of the list of significant topics as Staff views them as broadly applicable to the ISP. 5. Staff agrees to the deletion of a reference to the draft ISP.		
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