



NW Energy Coalition

Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Docket U-210590, Notice Resuming Proceeding and Opportunity to File Written Comments on Commission proceeding to develop a policy statement addressing alternatives to traditional cost of service ratemaking

Dear Mr. Killip:

The NW Energy Coalition (NVEC) appreciates the Commission resuming this proceeding, which will establish important guidance and policy for performance-based regulation in Washington. We continue to support our prior comments in this docket.¹

Question #1: What connection should be made, if any, between the work in this docket and the performance measures in a Multi-Year Rate Plan (MYRP) as required under RCW 80.28.425(7)?

We recommend that the work in this docket directly inform and affect the performance measures, incentives and penalty mechanisms approved in a multi-year rate plan, as required under RCW 80.28.425(7). The Legislature's intent was for this process to "provide clarity and certainty to stakeholders on the details of performance-based regulation," as clearly stated in the Legislative directive codified with the enactment of SB 5295:

Legislative directive—2021 c 188: "1) *To provide clarity and certainty to stakeholders on the details of performance-based regulation, [emphasis added] the utilities and transportation commission is directed to conduct a proceeding to develop a*

¹ See NVEC Comments filed on Nov. 29, 2021, April 27, 2022, June 13, 2022, Sept. 6, 2022, Sept. 26, 2022, Dec. 30, 2022.

policy statement addressing alternatives to traditional cost of service rate making, including performance measures or goals, targets, performance incentives, and penalty mechanisms. As part of such a proceeding, the utilities and transportation commission must consider factors including, but not limited to, lowest reasonable cost planning, affordability, increases in energy burden, cost of service, customer satisfaction and engagement, service reliability, clean energy or renewable procurement, conservation acquisition, demand side management expansion, rate stability, timely execution of competitive procurement practices, attainment of state energy and emissions reduction policies, rapid integration of renewable energy resources, and fair compensation of utility employees.

(2) In developing its policy statement, the utilities and transportation commission must in its proceeding allow for participation and consultation with regulated utilities, the attorney general's office, and other interested stakeholders including, but not limited to, residential, industrial, commercial, and low-income customers and organizations, as well as environmental or community organizations and stakeholders.

(3) By January 1, 2022, the utilities and transportation commission shall notify the chairs and ranking members of the appropriate committees of the legislature of the process to date, the expected duration of, and work plan associated with this proceeding."²

a. Connection: How do you see the metrics and direction from this docket working with metrics and performance measures identified in and approved in future MYRPs, Clean Energy Implementation Plans (CEIPs), or other existing reporting requirements?

Our hope is that the conversation in this docket is informed by the metrics considered in current MYRPs and CEIPs. We hope the Commission considers how effective those metrics are at measuring performance, and how useful they are as incentives / penalty mechanisms to affect utility operations, investment decisions, and financial incentives. In the future, our expectation would be that the metrics, performance measures, incentives, and penalty mechanisms approved in those other proceedings adhere to the Commission's policy statement in this docket.

We also recommend that the same group of performance metrics should apply to all utilities, and that utility-specific metrics should only be used when necessary. Additionally, there's no need to have PBR metrics in CEIPs, MYRPs, and this docket. In terms of which process

² 2021 c 188 sec. 1

performance metrics should be approved in, we recommend that performance metrics be evaluated in the MYRP. But, it doesn't matter where they are reported, as long as the information is consolidated, transparent, and public.

Question #3: Distributed Energy Resources (DERs) are the subject of multiple metrics (Proposed Metrics Nos. 14, 15, 25, 26, and 30). A least-cost requirement exists under the current regulatory framework. The Clean Energy Transformation Act (CETA) requires the equitable distribution of energy benefits and burdens. These two requirements are potentially at odds with one another. Where should the Commission focus its efforts in developing incentives and/or data collection at this time given that multiple iterations of the PBR process are likely necessary? Please provide the rationale for your proposed DER focus.

We support the Commission providing clarity on this point through the issuance of a policy statement. In general, we believe that the specific directive of CETA to require an equitable distribution of energy benefits and reduction of burdens to named communities supersedes a "least-cost requirement ... under the current regulatory framework," which is a construct of the Commission's regulatory policies and practices, and not a specific statutory requirement.

This question should not refer to the "least-cost" framework. Rather, it should refer to the "lowest reasonable cost" definition in RCW 19.285.010. In which case, we advise that this definition applies to planning requirements only, and provides sufficient discretion to the Commission to revise its policies and practices to account for new requirements and considerations, including equity considerations.

Question #4: The Commission is interested in an alternative proposal for Metric 20 *Customers Who Participate in One or More Bill Assistance Programs*. Specifically, how should the recent approval of Bill Discount Program Tariffs be reflected in the performance metric?

Bill assistance programs have typically been assessed through program participation and dollars distributed to customers. However, these metrics do not best gauge program effectiveness or customer impact. At least not alone.

The new bill discount rate programs fundamentally shift how bill assistance programs are designed in that 1) the percentage discounts for each tier were specifically chosen because they are expected to reduce customers' household energy burdens to at or below 6%, and 2) the programs allow customers to self-attest their eligibility, lowering historic barriers to accessing bill assistance. Additionally, Avista and Cascade Natural Gas's bill discount programs collect customer enrollee's demographic information in an optional survey. This allows these utilities to assess who is being served and, more importantly, who isn't.

To modernize program metrics in tandem with the bill discount programs, we believe that in addition to a metric assessing customer participation in *permanent* bill assistance programs that are open to *all* low-income customers (i.e., this excludes participation in donation-funded programs and legacy programs that only serve a subset of low-income customers), there must also be performance metrics to assess household energy burden and who/which communities are being served.

Question #5: The Commission is interested in proposals for an Electric Vehicle (EV) and/or Electric Vehicle Supply Equipment (EVSE) metric. Consideration should be given to the Interagency Electric Vehicle Coordinating Council's statewide Transportation Electrification Strategy, impacts for urban versus rural geographies, and low-income customers.

NWEC appreciates the Commission's interest in advancing a Transportation Electrification (TE) metric. As a consultant on the Washington state Transportation Electrification Strategy (TES) project team, NWEC strongly supports the policy recommendations in the TES, and steps that the UTC could take to support implementation of the TES through this docket. NWEC suggests the follow metrics for the Commission's consideration:

Environmental/Public Health:

- GHG emission and air pollution reductions attributed to all EVs in a utility service area. (As a starting place, estimate criteria pollutants from tailpipe emissions including PM 2.5 and NOx from all EVs registered in a utility service area.)

Infrastructure:

- Number of utility-owned and supported EVSE by use case. (Use cases include residential, multifamily, workplace, corridor, non-corridor public, LDV fleet, and MHDV fleet.)
- Percent of total EVSE by use case within utility service territory that are utility-owned and supported.

Equity:

- Percent of utility-owned and supported EVSE by use case located within and/or providing direct benefits and services to underserved communities or communities identified using a Commission-approved tool.
- Average reduction in a low-income customers' transportation energy burden due to participation in a utility program.
- Transit agencies' annual service hours, number of routes, and number of routes serving underserved communities that the utility helps electrify.
- Types of electric transportation technology supported by a utility portfolio as a percent of total investments (i.e. micro-mobility, transit, light duty fleet, heavy-duty fleet, etc.)

Affordability/Financial:

- Price (\$/kWh) to charge at utility-owned and supported EVSE by use case.

Grid Benefits:

- Percent of load shifted to off-peak periods attributable to TE tariff offerings by use case.
- Percentage of EV load subject to potential managed charging.

Reliability:

- Uptime at utility-owned and supported EVSE by use case.

Engagement:

- Outreach, capacity building to and participation of underserved communities, low-income service providers, community-based and community service organizations, non-profit organizations, small businesses (particularly minority and women owned businesses), and tribes in the development and implementation of a utility TE portfolio.

Conclusion

NWEC appreciates the Commission resuming activity in this docket and supports the continued development of Commission guidance on performance metrics, incentives and penalty mechanisms to fully implement RCW 80.29.425(7).

Sincerely,

/s/ Lauren McCloy
Policy Director
NW Energy Coalition
lauren@nwenergy.org