U-210590

May 17, 2024

Received
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May 17, 2024

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Attn: Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
P.O. Box 47250
Lacey, WA 98503

Re: NW Energy Coalition's Comments on the Utility & Transportation Commissions Interim Policy Statement Addressing Performance-Based Ratemaking (**Docket U-210590)**

Dear Director Killip:

The NW Energy Coalition ("NWEC" or "Coalition") appreciates the opportunity to comment on the Utilities & Transportation Commission's ("Commission" or "UTC") interim policy statement on performance-based ratemaking, as provided by the Notice of Opportunity to File Written Comments issued April 18, 2024.

In our comments we offer feedback on the UTC's consolidation of principles and performance measures as well as the "other considerations" put forth by the agency. We also respond to the UTC's request for additional feedback on a variety of topics, including metrics within goal four (environmental improvements), how to incorporate the bill discount rate programs, an alternative metric for grid-enhancing technology and how to refine/consolidate distributed energy resource metrics.

Consolidation of Principles and Performance Measures

In Phase 1 of this rulemaking participants co-created a set of twelve guiding principles for metric development.[1] We acknowledge the UTC's consolidation of these principles and believe that the

[1] Interim Policy Statement Addressing Performance Measures and Goals, Targets, Performance Incentives, and Penalty Mechanisms. Table 1, pages 3-5. Docket U-210590. Filed April 12, 2024.

seven principles in the policy statement accurately capture the intent and guidance of the original twelve.

NWEC also acknowledges the benefits of reducing the number of performance measures in this early stage of performance-based ratemaking ("PBR"). We largely agree with how the UTC chose to reduce the original 32 metrics. We ask the Commission to reconsider the inclusion of the following two metrics:

Metric 12: Customer Disconnections and Reconnections

The Coalition recommends that the Commission continue to monitor metrics associated with customer disconnections and reconnections. Metric 12, which has been removed from the interim policy statement, would measure the "Number and percentage of (1) disconnect notices, (2), residential disconnections for nonpayment, and (3) reconnection, each broken out by month and zip code, for known low-income households, Highly Impacted Communities, and Vulnerable populations, for total company, and electric and natural gas service stated separately for duel fuel utilities".[2]

One of the UTC's primary responsibilities is to protect the people of Washington by helping to ensure regulated utility customers have equitable access to energy services. Tracking utility customer disconnections and reconnections is a substantial way the UTC has helped uphold this responsibility.

Furthermore, while the outcomes of policy docket U-210800 are still being determined by the Commission, the analyses presented in this docket have clearly shown that frontline communities are disproportionately harmed by disconnections. Forgoing a reliable place and permanent guidance for reporting on disconnections and reconnections continues to de-prioritize the experiences of frontline communities at risk of losing vital energy services.

This issue has also arisen in Avista's 2024 General Rate Case ("GRC"), where the Company proposes to discontinue their disconnection reduction reporting.[3] Avista highlights that disconnection data are repetitively recorded through other channels: first, in UTC docket U-200281[4]; second, within the Clean Energy Implementation Plan (CEIP)[5]; and third, as part of the

[2] Interim Policy Statement Addressing Performance Measures and Goals, Targets, Performance Incentives, and Penalty Mechanisms. Appendix A, page 21. Docket U-210590. Filed April 12, 2024.
[3] Direct Testimony of Shawn J. Bonfield, SJB-1T. Lines 12-16, page 28. Dockets UE- 240006 and UG-240007.
[4] Reporting requirements can be found in Order 04 Appendix A, UTC Staff Third Revised Term Sheet COVID-19 Response. Section I, J, and K. Docket U-200281. Filed July 2, 2021.
[5] A customer benefit indicator on residential arrearages and disconnections for nonpayment was agreed to by Avista as condition 22 in Appendix A to Order 01 in docket UE-210628. Filed June 23, 2022. Reporting of this CBI can be found on pages 14-15 of the Biennial CEIP Update filed November 1, 2023.

company's PBR metrics[6]. This mix of disconnection reporting channels is similar for Puget Sound Energy and PacifiCorp.

Regarding the first channel, docket U-200281 was created in early response to the COVID-19 pandemic and we have no reason to believe that the reporting in the docket is permanent. Secondly, should the Commission choose to remove metric 12 from its proposed PBR metrics in the interim policy statement, metrics on disconnections could also vanish from utilities' current PBR reporting with the utility intention of aligning with the UTC's policy statement. Without the obligation of disconnection reporting in U-200281 or utility PBR metrics, such crucial metrics would solely reside within the CEIP.

While the CEIP serves as a valuable platform for reviewing disconnections, guidance on this matter should be enshrined within a more consistent and enduring framework such as the Commission's PBR guidance.

By embedding this data reporting within the broader regulatory structure, it would ensure consistency across all utilities and guarantee their permanence. This would provide the public with a reliable and continuous source of information on disconnection trends and energy burden reduction efforts.

Metric 24: Percentage of Non-pipeline and Non-wires Alternative Spending

Metric 24, which has been removed from the interim policy statement, would measure the "[t]otal investment in non-pipeline or non-wires alternative programs targeted in Highly Impacted Communities or on Vulnerable Populations/Total investment in non-pipeline or non-wires alternative programs, separately calculated for dual-fuel utilities."[7]

The Coalition proposes that the Commission reconsider the removal of this non-pipeline alternatives ("NPA") and non-wire solutions ("NWS") metric. NPA and NWS are not just potential substitutes for traditional infrastructure investments, but they also offer local benefits to Washington communities, reduce carbon emissions, and potentially save costs for utility customers. It is crucial for the UTC to be open to experimenting with different measures and service territories, as this flexibility is key to adapting to the changing landscape of the utility industry.

In its 2024 GRC, Avista proposed eliminating its two PBR metrics for non-pipeline alternatives. While it's true that Avista currently has no investments in NPAs, this is not a justification for

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[6] https://www.myavista.com/about-us/our-rates-and-tariffs/washington-pbr-metrics
[7] Interim Policy Statement Addressing Performance Measures and Goals, Targets, Performance Incentives, and Penalty Mechanisms. Appendix A, page 24. Docket U-210590. Filed April 12, 2024.

discontinuing progress tracking in this area. Like our argument for retaining the disconnection/reconnection metrics, we believe neglecting to include NPAs in PBR could lead to reduced signals for utilities to pursue them and hinder the adoption of NPAs in the future.

In summary, NWEC suggests consideration for the re-inclusion of metrics 12 and 24 in the Commission's interim policy statement.

"Other Considerations"

We want to express our excitement and support of the Commission's additional guidance and "other considerations" within the interim policy statement. We agree with the Commission's expectation that "utilities with advanced metering infrastructure" ("AMI") should leverage that technology to advance the goals and needs of PBR. As the Commission noted, many existing AMI investments have not delivered their promised capabilities and benefits – many of which are essential to realizing PBR goals and objectives.[8] The Commission may be interested to know of other states' efforts to address this concern by directing utilities to enable broader competition in meter solicitation, to increase transparency in procurement, and to consider more AMI capabilities in AMI RFPs.[9]

We also agree that "utilities should continue to evaluate future technology that minimizes any current operational challenges to support resilience, decarbonization, and modernization". [10] We encourage the Commission to consider avenues to foster the evaluation and scaling of such grid modernization technologies that will support the realization of this proceeding's PBR goals and objectives. One example would be regulatory sandboxes currently in place in Michigan, Oregon, Connecticut, Vermont, and Hawai'i.[11] The development of a PBR metric around adoption of grid

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[8] Mission:Data, "Deactivated: How Electric Utilities Turned Off the Data-Sharing Features of 14 Million Smart Meters." September 2022. https://static1.squarespace.com/static/52d5c817e4b062861277ea97/t/631253069bdd82629d3ea079/1662145291709/Deactivated_white_paper.pdf

[9] Connecticut Public Utilities Regulatory Authority, Docket No. 17-12-03RE02, "PURA Investigation into Distribution System Planning of the Electric Distribution Companies -- Advanced Metering Infrastructure ." Final Order. January 2024. https://www.dpuc.state.ct.us/2nddockcurr.nsf/8e6fc37a54110e3e852576190052b64d/4e2d687f29bed43c85258a99005b3232/$FILE/171203RE02-010324.pdf

[10] Interim Policy Statement Addressing Performance Measures and Goals, Targets, Performance Incentives, and Penalty Mechanisms. Paragraph 48, page 17. Docket U-210590. Filed April 12, 2024.

[11] Michigan: https://blog.ucsusa.org/guillermo-pereira/fast-tracking-pilots-the-right-way-can-ensure-michigans-clean-energy-transition/; Oregon: Smart Grid Test Bed: https://portlandgeneral.com/about/who-we-are/innovative-energy/smart-grid-test-bed; Connecticut: Innovative Energy Solutions Sandbox: https://www.dpuc.state.ct.us/2nddockcurr.nsf/8e6fc37a54110e3e852576190052b64d/146129694f23886085258752007994e2/$FILE/17-12-03RE05%20Innovation%20Pilots%20Framework%20-%20Final%20Proposal.pdf ; Vermont: Innovative Pilot Program: https://epuc.vermont.gov/?q=downloadfile/270661/132296 ; Hawai'i: Innovation Pilot Framework: https://www.hawaiianelectric.com/about-us/innovation/innovation-pilot

enhancing technologies would also support the business case development for these technologies.

NWEC commends the Commission's guidance regarding the use of census tract level reporting in utility customer information systems. We agree that standardizing the geographic level of data reporting will "enable a cohesive ability to overlay utility data with the Washington Department of Health Disparity Map and the U.S. Department of Energy Justice40 map", each of which are helpful and increasingly used tools for measuring energy justice.[12]

Finally, we acknowledge the Commission's ask for additional focus on how to incorporate the environmental improvement metrics (goal 4), the new bill discount programs, an alternative metric from grid-enhancing technologies, and how to refine the distributed energy resource ("DER") metrics. We offer thoughts and suggestions on each of these topics below.

Environmental Improvement Metrics

Selecting "environmental improvement" metrics for goal four poses a challenge within a performance-based ratemaking framework in Washington. While tracking metrics like criteria air pollutant (metric 27) and greenhouse gas emissions (metric 32) are essential, there is a risk of rewarding utilities solely for meeting existing obligations under the Clean Energy Transformation Act ("CETA") and the Climate Commitment Act ("CCA"). This may incentivize compliance rather than genuine progress.

Of the six environmental improvement metrics, metrics 28, 29, 30, and 31 appear to stand outside of the explicit mandates under CETA and the CCA[13]. These may be worth focusing on. Future discussions are vital to ensure that chosen metrics not only accurately assess environmental impact but also promote alignment with the goals' desired outcomes. We look forward to being a part of this.

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[12] Interim Policy Statement Addressing Performance Measures and Goals, Targets, Performance Incentives, and Penalty Mechanisms. Paragraph 49, page 17. Docket U-210590. Filed April 12, 2024.

[13] Metric 28, Utility Fleet Tailpipe Emissions Reductions: Utility vehicle fleet tailpipe emissions and other impact (e.g., noise) reductions by vehicle type (light-, medium-, and heavy-duty) that may/regularly operate in Named Communities, according to the utility's adoption of low- and zero-emissions vehicles, using the utility's 2022 fleet composition as baseline.
Metric 29, Utility Electric Load Management Success: Energy and capacity of load reduced or shifted, and percent of load reduced or shifted, through load management, storage, energy efficiency, and demand response activities conducted by the utility, by activity (e.g., demand response versus energy efficiency).
Metric 30, DER GHG Reductions: Greenhouse gas reductions from DER programs (energy efficiency, electric vehicle, net metering, and demand response).
Metric 31, Greenhouse Gas Reductions per Dollar: Greenhouse gas reductions per dollar spent on programs and investments that reduce greenhouse gas emissions.

Incorporating Utility Bill Discount Rate Programs

The investor-owned utility ("IOU") bill discount rate ("BDR") programs are innovative bill assistance programs that are new to Washington.[14] We continue to applaud the Commission and IOUs with new BDR programs for implementing a program that lowers historic barriers to program participation through self-declaration.

The BDR programs are unique in that they were intentionally designed to provide enough bill assistance to lower a household's energy burden to at or below six percent. While the programs are designed to have an improved penetration among eligible households and energy burden reduction impact compared to historic bill assistance programs, we must actively encourage enrollment into these programs. One way to do so is to measure the program saturation among eligible low-income households within utility service areas.

This could be captured by metric such as: "Number and percentage of households enrolled in a utility bill discount rate program, arrearage management program, or energy assistance grant program for low-income households, energy burdened households, Highly Impacted Communities, and Vulnerable Populations."

To provide a metric like this, utilities must have an accurate estimate of the total number of low-income households that reside in their service area. We believe that a metric like this would further incentivize the utilities to collect and regularly update this data through "energy burden assessments" or "low-income need assessments".

Grid-Enhancing Technology ("GET") and Distributed Energy Resource ("DER") Metrics

We appreciate the thoughtful consideration the Commission is giving to metric 14, "Net Benefits of DERs and GETs." NWEC agrees that two separate metrics may be required for GETs and DERs. Instead of removing the GETs metric, NWEC suggests that two separate metrics are included in the final policy statement: one for DERs and one for GETs.

GETs capabilities are closely aligned with PBR objectives. Transitioning away from a cost-of-service business model requires a modernization of the way utilities plan for, build and operate the grid. GETs, including both sensors and greater use of data and analytical tools on the transmission and the distribution grid, facilitate this modernization.

Ultimately, a Commission approved cost-benefit analysis and an associated metric for the net benefits of GETs would support the cost-effective adoption and utilization of these technologies

[14] Puget Sound Energy, Avista, and Cascade Natural Gas implemented their BDR programs on October 1, 2023. Northwest Natural Gas implemented its BDR program on January 1, 2024.

by Washington's electric utilities. Removing the GETs metric from consideration would likely stymie its development and, given the alignment of GETs and PBR, this proceeding seems to be the best place to continue this discussion for now. As such, we encourage the Commission to keep the GETs metric.

Conclusion

We appreciate the work that all parties have put into the development of the interim policy statement. It is our hope that these comments spur additional refinement of several metrics.

The next phases of this docket hold promise for further developing performance-based ratemaking in Washington and detailing how this ratemaking structure interplays with other proceedings. NWEC believes that PBR is best developed when informed by many diverse voices who have access to the table, and that this docket is an appropriate venue for the Commission to continue to provide policy direction.

Lastly, we note that this docket pertains to all the regulated utilities and that we have included the detailed examples pertaining to Avista because we see them as relevant examples of how lack of UTC guidance in some areas (like disconnections and NPAs/NWAs) may justify IOUs' decisions to not track metrics like this elsewhere.

NWEC eagerly looks forward to the continuation of this rulemaking given the significant role it plays in helping to ensure that the state's private utilities are on track to reliably and equitably meet the needs of the clean energy transition.

Thank you for the opportunity to comment.

Respectfully,

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