



May 17, 2018

**Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
1300 S. Evergreen Park Drive S.W.
Olympia, WA 98504-7250**

Re: Rulemaking for Integrated Resource Planning, WAC 480-100-238, WAC 480-90-238, and WAC 480-107; Docket U-161024

Climate Solutions appreciates the opportunity to provide comments on docket U-161024, Rulemaking for Integrated Resource Planning. Climate Solutions is a Northwest-based clean energy nonprofit advocacy organization with the mission of accelerating clean energy solutions to the climate crisis. The Northwest has emerged as a center of climate action, and Climate Solutions is at the center of the movement as a catalyst, advocate, and campaign hub. For 20 years, we have cultivated political leadership in the Northwest for the proposition that clean energy and broadly shared economic prosperity go hand-in-hand, building a powerful constituency for local and state action on climate change.

Climate Solutions applauds the Commission for taking a leadership role in guiding utilities to better plan for and reap the benefits of a more distributed grid. Changing policy goals and rapidly emerging technologies have driven increased customer adoption of distributed energy resources. If done right, distribution system planning can enable more customer choice, create a more resilient grid, and better optimize the value of new resources as they integrate into the grid.

Overall, Climate Solutions supports the Commission's direction in the draft rules. The draft rules provide the guidance necessary to ensure an effective distribution system plan, yet allow for the flexibility necessary to adapt to rapidly changing technologies. In this letter, we will first respond to a number of the questions posed in the Notice of Opportunity to File Written Comments, followed by additional comments and recommendations for the draft rules.

Responses to Questions

Q1. Parallel natural gas distribution planning rule language

Climate Solutions recommends that the Commission propose parallel draft rule language for distribution planning for natural gas utilities that are similar in scope to the rules for the electric utilities. Emerging distributed energy resources are reaching higher rates of penetration on both the electric and natural gas systems, and both utilities should undergo planning processes to optimize the utilization and value of these devices on the distribution system. For companies with both a natural gas and an electric utility, it is important that the distribution plans on the electric and gas side of the businesses are developed in coordination to most effectively understand and accommodate changes and overlap within and between both systems.

Q2. Advisory groups for Distribution system plans

In order to ensure a transparent process, Climate Solutions believes it is critical to require that utilities form an advisory group for both the electric and natural gas distribution planning processes. As distributed energy technologies emerge at a rapid pace, the participation of industry experts and other stakeholders help provide valuable information to the utility, and can result in a more effective planning process. However, we believe the draft rule language would benefit from additional clarity. While the language indicates that a utility has the option of convening a separate advisory group, we do not interpret this language as actually requiring a separate advisory group. The language goes on to require a description of the advisory group participation in the distribution system plan, but it is unclear as to whether that participation is mandatory. Amending the draft rules to state that “A utility *must* convene separate advisory groups for integrated resource planning and distribution system planning....” would provide the clarity necessary.

Climate Solutions supports separate advisory groups, but we do not find it necessary for the two advisory groups to be separate and distinct from one another. Numerous industry experts, consumer advocates, state agency staff, and utility customers currently participate on advisory committees for the utility integrated resource plan processes, and there may be significant overlap with the stakeholders interested in the distribution system plan advisory committee. To make for a more efficient process, we believe the utility should have the option of forming a separate advisory group comprised of a subset of the of the integrated resource plan advisory group, or it may convene the same advisory group for both processes.

For the utility to truly benefit from the expertise of the advisory group, Climate Solutions supports a transparent process that allows members of the advisory group to comprehensively review all aspects of the distribution system plan. This should include

modeling methods, inputs, economic assumptions, cost estimates, and any other components that may affect resource selection and investment decisions by the utility.

Q3. Definition of “major distribution capital investment”

Climate Solutions appreciates the flexibility and broad definition of a “major distribution capital investment,” but believes some additional guidance on what constitutes a major distribution investment for electric and natural gas utilities would provide clarity for the utility, Commission, and other stakeholders involved in the planning process. We do not believe a specific dollar amount is the most appropriate metric, but a metric related to the nature of the investment would be better suited for defining a major distribution investment. For example, investments that are outside the scope of general maintenance and operations, such as those providing additional capacity or a specific function beyond operation and maintenance, could be considered a major distribution investment, regardless of the dollar amount of the investment.

Q6. Third party verification

Climate Solutions supports the idea of a third party evaluation as it could provide valuable oversight and additional information to the utility, Commission, and all stakeholders, but we do not find that it is necessary at this stage in development of distribution system plans. Although third party verification may provide useful information at a later stage in the planning process, we believe the oversight of the Commission and input from the distribution system plan advisory group will provide significant guidance in this early stage.

Q7. Action plan

Similar to the integrated resource plan, Climate Solutions supports having an identified action plan to provide clarity for stakeholders on what the utility forecasts as next steps after completion of the plan. Because it is a forecast and not a required action plan, we believe this provides enough clarity to stakeholders, while maintaining the flexibility necessary for utilities to adapt plans as new technologies emerge. The action plan for the distribution system plan could be separate and distinct from the action plan in the integrated resource plan, or alternatively, could simply be a component of the broader action plan in the integrated resource action plan.

Additional Comments

Definition of “integrated resource plan”

The distribution system plan will be a component of the integrated resource plan. Given the overlap with the two plans, Climate Solutions recommends updating the definition of an “integrated resource plan” to better incorporate distributed energy resources. The amended Purpose in WAC 480-100-238 reflects an integration of the two systems, but the definition of an integrated resource plan remains primarily focused on energy supply resources, conservation, and infrastructure investments. We recommend that this definition be updated to better include a broader range of distributed energy resources beyond conservation.

Calculating the benefits in a distribution system plan

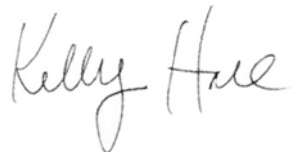
In defining a distribution system plan the draft rules direct utilities to identify potential “cost-effective” opportunities to defer or displace major capital investments on the distribution system. With a wide range of costs and benefits that may be included in any cost-effectiveness test, Climate solutions recommends providing additional guidance on minimum inputs to be included. Without additional clarity, the term is subjective and could lead to disagreement among utilities, stakeholders, and Commission.

Beyond general system benefits, such as capacity deferral, voltage control, ancillary services, reliability, and other system benefits, it is important that the environmental and carbon emissions impacts are also considered when determining cost-effectiveness. Distributed energy resources can help utilities reduce compliance obligations and/or help achieve compliance with existing and future laws. As utilities more deeply consider their distribution planning in context of their individual system needs, they should also carefully consider the potential impact of state and local policies on their systems. State and local lawmakers have identified a variety of goals, including emissions reductions and penetration of specific distributed energy resources like distributed solar and electric vehicles. Each of these is likely to have an economic and system impact to a utility, and we recommend that utilities proactively incorporate into their models how state and local policy implementation will impact their distribution system, and incorporate benefits from distributed resources in achieving compliance with policies and regulations. Achieving state and local policy goals may exceed what a utility will find to be cost-effective in the absence of the policy, but undergoing a plan for more ambitious levels of distributed energy penetration can be a beneficial exercise to help identify future costs and system burdens, while mapping out a least cost way of achieving these levels of deployment.

Conclusion

Thank you again for the opportunity to provide scoping comments on the distribution system planning component of U-161024, Rulemaking for Integrated Resource Planning. The rules which guide the utility planning process is critical to ensuring that the process is effective, transparent, and leads to the lowest reasonable cost portfolio. As policy changes and cost declines increase the penetration of distributed energy resources, we thank the Commission for taking a leadership role in guiding utilities to plan for these rapid changes, and look forward to continued engagement throughout this process.

Sincerely,

A handwritten signature in cursive script that reads "Kelly Hall".

Kelly Hall
Washington Policy Manager
Climate Solutions

A handwritten signature in cursive script that reads "Vladimir Gutman-Britten".

Vladimir Gutman-Britten
Washington Director
Climate Solutions