May 17, 2018

Steven V. King, Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
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RE: Comments of Renewable Northwest
Docket U-161024—*Washington Utilities and Transportation Commission's April 17, 2018, Notice of Opportunity to File Written Comments on the Rulemaking for Integrated Resource Planning, WAC 480-100-238, WAC 480-90-238, and WAC 480-107.*

I. Introduction

Renewable Northwest is grateful to the Washington Utilities and Transportation Commission ("the UTC" or "the Commission") for the opportunity to file written comments regarding the UTC's proposed Rulemaking for Integrated Resource Planning. We support the UTC's effort to address the important issue of distribution system planning proactively through this rulemaking, as Washington's electricity system is undergoing rapid change and existing rules may no longer necessarily lead to optimal resource planning.

In these comments, we respond to several (but not all) of the questions posed by the UTC in its April 17, 2018 Notice of Opportunity to File Written Comments.[1] In each case, we present the question posed by the UTC, followed by our response.

II. Response to Commission's Questions for Consideration.

Question 2. In the draft rule, electric utilities would be required to form a separate advisory group to assist the utility as it develops its distribution system plan, in addition to the usual IRP advisory group. Regarding the distribution system advisory group:

Q2.a. Should the distribution system advisory group be required, or should it be optional?

In order to ensure that the distribution system planning process is as effective as possible, the distribution system advisory group should be required, not optional.

[1] We take no position on any of the questions posed regarding natural gas infrastructure planning.

Although the phrasing of Question 2 suggests that "electric utilities would be *required* to form a separate advisory group," as we read the draft rule, it does *not* actually require utilities to form a separate advisory group. Instead, as drafted, the rule provides that "[a] utility *may* convene separate advisory groups for integrated resource planning and distribution system planning . . . ."[2] We respectfully suggest that the rule be amended to make the formation of a distribution system planning advisory group mandatory. Distribution system planning is a cutting-edge practice with the potential to displace significant investments in poles and wires by harnessing new technologies including both hardware, such as storage, and software, such as expanded two-way energy metering. Given the breadth and novelty of possible distribution system planning solutions, Renewable Northwest believes that the planning process--and, ultimately, utility customers--would greatly benefit from the broad stakeholder input and expertise that would be provided to the process through the formation of a distribution system-focused advisory group.

Q2.b. What should be the extent and scope of the distribution system advisory group?

The distribution system planning advisory group should have membership that accords with the current draft rule ("a subset of members of the integrated resource planning advisory group and other interested parties who have demonstrated subject matter expertise in distribution system planning or distributed energy resources"[3]).

The draft rules say that a utility's distribution system plan must "describ[e] advisory group participation in the preparation of the distribution system plan" as part of the process of "develop[ing] the necessary infrastructure and tools to readily recognize distribution system needs and identify their optimal solutions, with infrastructure and distributed energy resource investments being considered on equal footing."[4] The advisory group would present the most value to Washington utility customers if it is involved in the formation of all elements of the distribution system plan.

Broadly speaking, the distribution system plan must "identify[] distribution system investments that may be leveraged to meet system needs . . . [and] points on the distribution system where the utility may be able to deploy distributed energy resources to meet system generation needs identified in the integrated resource plan."[5] With respect to short-term needs, the distribution system plan must "[i]dentify[] locations on the distribution system that have an anticipated need for a major distribution capital investment within the next ten years," subject to more specific guidance provided in the rule, and must "[a]nalyz[e] all commercially available resource options that can meet the needs identified at each location," narrowing down those resources by

[2] Draft WAC 480-100-238(2).
[3] *Id.*
[4] *Id.* at paragraph (3)(b).
[5] *Id.* at paragraph (3).

identifying what options are available "at the lowest reasonable cost."[6] With respect to longer-term needs, the planning process must include: identifying needs for data that would better inform distribution system planning efforts; "[p]roposing monitoring and control upgrades needed to obtain" those data; "[p]roposing metering and related upgrades that will enable customers to modify their energy usage in response to signals from the utility through programs such as time of use rates and demand response"; "identif[ying] how the proposed monitoring and metering investments . . . will be leveraged for the benefit of customers"; and "[i]dentifying planning and procedural improvements that the utility will implement in future planning cycles."[7]

Again, distribution system planning is a rapidly evolving field with the potential to benefit greatly from the participation of stakeholders with diverse relevant subject-matter expertise. Involving the distribution system planning advisory group in every element of the plan will maximize the likelihood that the plan reflects the best available and lowest cost options for addressing distribution system needs.

Q2.c. Should the advisory group review the modeling methods, inputs, economic assumptions, cost estimates, and other factors that affect the selection of best options, or just review the results of transmission and distribution analysis?

Again, the highest likelihood of achieving least-cost solutions to distribution system needs will occur as a result of thorough participation by a distribution system planning advisory group with broad expertise in the rapidly developing field of grid modernization. That thorough participation should include review of all methodologies, inputs, assumptions, and cost estimates. Limiting advisory group participation to reviewing the results of the analysis would likewise limit the potential of distribution system planning to save utility customers money and delay Washington's transition to a smarter grid. While Washington's utilities may well have a range of excellent ideas for harnessing new tools to manage energy distribution, the best ideas may well come from non-utility stakeholders.

Q2.d. Is the draft description of the distribution planning advisory group's membership appropriate?

The draft rules suggest that the overall advisory group would be "a public group composed of commission staff and other interested parties that is consulted at public meetings" while the more specific "distribution planning advisory group is composed of a subset of members of the integrated resource planning advisory group and other interested parties who have demonstrated

[6] *Id.* at paragraph (3)(a).
[7] *Id.* at paragraph (3)(b).

subject matter expertise in distribution system planning or distributed energy resources."[8] Renewable Northwest believes that this is an appropriate description of the parties that would ideally make up a distribution system advisory group.

Question 3. The draft rule uses a new term, "major distribution capital investment," which is not tightly defined by a dollar value or otherwise. This definition is intended to provide separation of routine traditional maintenance of poles and other components from more significant capital expenditures that often have the potential for more than one solution. In those cases, a major distribution capital investment would call for analysis of all potential distributed energy resource options that satisfy the identified distribution need.

Q3.a. Would it be useful to include a dollar limit in the definition of "Major distribution capital investment"? For instance, the rule could state a cutoff using an estimated capital cost of over $1 million. Are there other, better, criteria that the Commission should consider?

Renewable Northwest supports a broad definition of "major distribution capital investment" such as the definition provided in the current draft rule.[9] Setting a specific dollar limit in the definition could be overly prescriptive and result in a failure to capture cost-effective non-wires solutions to distribution-system needs. As we view it, the distribution system planning process is designed to identify cost-effective means of displacing poles-and-wires infrastructure investment with distributed energy resources and other non-wires alternatives. Given this goal, it would be most appropriate to keep the definition broad enough to capture all cost-effective non-infrastructure solutions.

Question 5. Recognizing that utilities are at various stages of modernizing their distribution systems, should the rule identify specific assumed fundamental requirements for enabling a modernized grid, such as:
a. a two-way distribution communication system,
b. a distribution management system (DMS) that provides centralized and automated monitoring and control of the utility's distribution system,
c. a distributed energy resources management system (DERMS) that aggregates, monitors and controls distributed energy resources as dispatchable resources, or,
d. other physical infrastructure and software needed to manage and control a modernized grid?
e. Are the fundamental requirements the same for electric and natural gas utilities? If no, what fundamental requirements should be used for natural gas utilities?

[8] *Id.* at paragraph 2.
[9] *See id.*

Renewable Northwest suggests that the UTC develop guidelines related to system services and system needs rather than "specific assumed fundamental requirements" for each of the categories above. Again, the field of distribution system planning is a rapidly evolving one. Today's optimal solution may well be replaced by a better, but currently unforeseeable, development in the near future. Setting fundamental requirements now via formal rule poses a significant risk that the requirements may prove overly prescriptive and preclude utilities' consideration and, ultimately, adoption of new solutions.

The categories identified by the UTC, however, are appropriate categories to consider carefully in crafting a final rule and setting guidelines for the planning process.

Question 6. When utilities submit biennial energy conservation reports to the Commission, they are required to provide an independent third-party evaluation of their conservation program achievements (See WAC 480-109-120(4)(b)(v)). Should a similar periodic independent review and evaluation of distribution plan results be required? If not, please explain why this should not apply.

Renewable Northwest takes no position on this question, but notes that the more robust the distribution system planning advisory group is under the rules, the less reason there is for further third-party review.

Question 7. Should the distribution plan conclude with an action plan? If so, what should be the time horizon for the action plan?

Renewable Northwest takes no position on this question, but notes that the draft rules' current inclusion of the distribution system plan "[a]s part of [a utility's] integrated resource plan" renders the distribution system plan actionable, in our view.

Question 8. For the organization of WAC 480-100-238, would it provide greater clarity to reorganize the rule into smaller sections, maintain the same organization and numbering structure, or add a new rule section?

Renewable Northwest believes the structure of the draft rule is sufficiently clear as drafted.

III. Conclusion

Renewable Northwest again thanks the UTC both for this opportunity to comment and for proactively working to bring the potential benefits of distribution system planning to Washington and its utility customers. We look forward to continued participation in the rulemaking process.

Respectfully submitted this 17th day of May, 2018.

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