



Coalition of Eastside Neighborhoods
for Sensible Energy

September 11, 2020

Washington Utilities and Transportation Commission

PO Box 47250

Olympia, WA 98504-7250

Re: IRP and CEIP Rule making (Docket UE-190698 and Docket UE-191023)

Dear Commissioners,

As stakeholder members of Puget Sound Energy’s IRP Advisory Group and Technical Advisory Group for the 2017, 2019, and 2021 IRP planning efforts, Don Marsh and Warren Halverson welcome the opportunity to comment on proposed IRP and CEIP rules on behalf of CENSE members.

Don Marsh has been involved in energy and community issues since 2013. Don is the co-founder of CENSE (Coalition of Eastside Neighborhoods for Sensible Energy), a non-profit, all-volunteer organization with over 1,300 members in Bellevue, Newcastle, Renton, and Redmond. Don is a software entrepreneur currently working on his third startup company focused on machine learning and robotics.

Warren Halverson is a former executive of a telecom company and has been a CENSE board member for over six years. He has served as an officer in many civic organizations such as Boys & Girls Club, Kiwanis, United Way, and as a Commissioner for the City of Bellevue. Warren also served as a community representative for PSE’s Energize Eastside Community Advisory Group.

We appreciate your thoughtful consideration of our comments.

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WAC 480-100-620 (2) – Load forecast

A utility's load forecast is critically important to justify resource investments, maintain system reliability, and determine ratepayer costs. Therefore, we would like to see greater specificity in the UTC's load forecast requirement. We have several suggestions to improve load forecasts.

Summer forecast

Some utilities (like PSE) publish only winter peak forecasts. Although Washington's winter peak demand has historically been higher than summer peaks, that may change. Some utilities are predicting gradually declining winter peaks, while summer peaks appear to be increasing. Avista's 2021 IRP shows scenarios where the summer and winter peaks may become equal. This is a challenge, because high summer temperatures reduce the efficiency of transformers and transmission lines, causing reliability issues at lower levels of customer demand compared to winter peaks.

We ask the Commission to **require utilities to provide forecasts of both summer and winter peak demand**. A rule is necessary, because in its 2021 IRP, PSE ignored multiple requests to disclose the company's summer forecast.

Localized forecasts

To create an accurate forecast over its entire service territory, utilities must consider growth at the county and city level. However, utilities rarely share these localized forecasts. These disclosures will become increasingly important to enable stakeholders to understand the challenges and opportunities of Distributed Energy Resources in their communities.

For example, PSE claims, without proof, that it must serve "pockets" of high demand, even as peak demand declines throughout its service territory. PSE claims that a growth pocket in the Eastside requires a large transmission line upgrade known as "Energize Eastside." Such projects cost ratepayers hundreds of millions of dollars but serve no discernible purpose when PSE refuses to disclose data showing increasing demand in the project area.

To ensure that ratepayers are not being overcharged for unnecessary projects, we ask the Commission to **require utilities to demonstrate and document any pockets of increasing demand that require infrastructure investments exceeding \$5 million (approximately \$5 per ratepayer)**. This is critically important during the coming decade when PSE will also raise electric rates to accomplish CETA goals.

Weather normalization

Because peak demand depends heavily on weather conditions, forecasters rely on historical weather records to normalize their forecasts. In some cases, utilities have used 70 or 80 years of temperature records to model future weather possibilities. However, our rapidly changing climate invalidates this approach. Using old weather data in a warming world can introduce a “cold bias” that justifies infrastructure investments to protect against increasingly improbable weather events. Utilities and commissions are changing their methods:

- The New York Public Service Commission authorized use of 10-year historical averages to avoid cold bias in load forecasts.¹
- For its 2021 IRP, Avista shows peak demand forecasts using both 20- and 30-year normalization. The forecast using 20-year averages shows summer peak demand exceeding winter peaks by 2044, while the 30-year averages maintain a higher winter peak throughout the study period.²

In its recent assessment of Resource Adequacy, PSE uses 88 years of weather data for its analysis. It is more likely that our region will experience conditions that are considerably warmer (and with lower snowpack) than we experienced 88 years ago. We are concerned that PSE’s use of older data may have negative effects on the cost and reliability of our electric grid.

We recommend that the Commission **establish uniform standards regarding weather normalization for load forecasts and Resource Adequacy throughout the state of Washington.**

WAC 480-100-620 (3)(b) – Demand response potential

To achieve CETA goals, Demand Response will be essential. The highest levels of GHG emission occur during peak demand events, when utilities engage fossil fuel resources (such as frame peaker plants) to produce electricity. It will be difficult and expensive for renewable resources to serve these peaks, so it is essential to shift some peak consumption to non-peak hours.

Washington has not incorporated Demand Response as other US utilities have. One utility has dismissed reasonable demand response projects on several occasions by claiming it is too risky to

¹ <https://www.scottmadden.com/insight/traditional-weather-normalization-practices-used-utilities-ratemaking-process-appropriate-given-increased-climate-variability/>

² <https://www.myavista.com/-/media/myavista/content-documents/about-us/our-company/irp-documents/2021-irp-tac-2-economic-and-load-forecast.pdf?la=en>, slides 28 and 29

rely on customer behavior to achieve reliability goals. However, many utilities around the country have found demand response to be not only effective but valued by customers who can voluntarily reduce their utility bills by being smarter about their energy consumption.

To avoid overly pessimistic assessments of demand response potential in the future, the Commission should **require utilities to justify any skepticism using well-documented experiences from other utilities.** No one wants to jeopardize the reliability of our electric grid, but few customers would choose to pay for a lot of infrastructure when targeted demand response programs would save money and lower environmental and community impacts.

WAC 480-100-620 (5) – Regional generation and transmission

Current WACs require IRPs to consider both generation and transmission resources. However, at least one Washington utility has treated transmission planning as something of an afterthought in recent IRPs, with little stakeholder input or discussion.

To accomplish CETA goals, PSE has stated that “a lot of new transmission will be needed.” This is not obvious. It’s true that the most productive wind and solar farms are far from PSE’s load centers. However, the added cost and losses of long-distance transmission is significant compared to the cost of production. Transmission lines take a long time to build and create fire risk. When all factors are accounted for, it is possible that combinations of demand response, energy storage, distributed generation, and advanced efficiency may be cost effective and more resilient in case of natural disasters or malicious attacks.

The Commission must make transmission a first-class consideration in IRP and CEIP planning. Stakeholders need realistic costs, construction schedules, and capacity information.

We are concerned that transmission projects are not subject to an RFP process like other resources are. Once a transmission project is proposed, utilities can pursue it without competitive bids or reasonable oversight. The utility can freely spend any amount that it feels can be justified to the Commission in a subsequent rate case hearing. This process is vulnerable to abuse by an IOU that is obligated to maximize returns for its shareholders. To our knowledge, the Commission has never refused inclusion of a transmission project in the rate base. Ratepayers have little recourse to question the prudence of these projects.

The Commission should close this loophole in rules for the CEIP.

WAC 480-100-620 (5)(a) – Transmission assessment

We support section 5(a) but must ask if this would be sufficient to avoid perplexing scenarios such as PSE's proposed sale of its Montana transmission line for less than one dollar. As the Commission is aware, the sale of this transmission line is part of the proposed sale of Colstrip units 3 and 4. At a time when PSE says it needs more transmission, and when this resource could deliver inexpensive and reliable wind energy to PSE's customers, why is it a good idea to sell this asset for mere pennies? Would section 5(a) be effective in preventing such a counterproductive sale in the future?

Perhaps this isn't just a question about a transmission line. **UTC rules should prevent the sale of any asset that is not in the best interest of ratepayers**, even if such a sale would benefit a utility's short-term revenues. The Commission and its policies must protect ratepayers from utilities that attempt to game the system.

WAC 480-100-630 (5) – Confidential information

The draft says, "Utilities may make confidential information available by providing it to the commission pursuant to WAC 480-07-160. ... Nothing in this subsection limits the protection of records containing commercial information under RCW 80.04.095."

Although utilities may present good reasons why some information must be kept confidential, stakeholders in IRP planning cannot fulfill their roles as public representatives if critical information remains hidden. Many states allow stakeholders to view confidential information after signing non-disclosure agreements (NDAs). The Commission should **formalize an NDA process so Washington stakeholders can view information that is relevant to the planning process and the public's well-being.**

Furthermore, the stipulations of RCW 80.04.095 should not allow a monopoly that provides an essential public service to hide information from stakeholders representing the public. Information that relates to energy, technology, cost estimates, environment, and community development and safety should be accessible to stakeholders through an NDA process. If important data can be withheld, this provides a powerful argument for public utilities, which continue to be very responsive to public records requests.

These comments also apply to confidential information rules proposed in WAC 480-100-655 (9).

WAC 480-100-640 (4)(f) – Lowest reasonable cost

In the calculation of cost for resources acquired under the CEIP, the cost of transmission should be explicitly accounted for. Long distance transmission is costly in terms of infrastructure, energy losses, environmental impacts, lengthy construction delays, and safety risks (as demonstrated by catastrophic fires in California). If these costs are not specifically considered, an inexpensive but distant solar farm may in practice be more expensive than solar panels on local rooftops paired with residential batteries, for example. To keep consumer costs low during Washington’s clean energy transformation, thorough and transparent cost accounting is essential.

Transmission lines are frequently located in less developed and less valuable land use areas that are more likely to include homes of vulnerable populations, further depressing property values and increasing health and safety risks for nearby homeowners. State regulations have allowed utilities to ignore adverse impacts on property values for projects evaluated under SEPA rules (federal NEPA rules require accounting for property value impacts). If this loophole persists, our energy transformation could impose external and unaccounted costs on highly impacted communities, exactly the opposite of the Commission’s CEIP intent.

The Commission should **require holistic cost accounting including transmission costs, both direct and externalized to communities.**

Sincerely,

Don Marsh

Warren Halverson

IRP Stakeholder representatives