

BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

In the Matter of)
) DOCKET NOS. UG-210094, UG-
WASHINGTON UTILITIES AND) 210450, UG-210461, and UG-210462
TRANSPORTATION COMMISSION)
Implementation of RCW 80.28.380.) COMMENTS OF ALLIANCE OF
) WESTERN ENERGY CONSUMERS
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I. INTRODUCTION

Pursuant to the Washington Utilities and Transportation Commission’s (“Commission”) September 14, 2021, Notice of Opportunity to File Written Comments (“Notice”) in the above-referenced dockets, Alliance of Western Energy Consumers (“AWEC”) files these comments in response to the questions included in the Commission’s Notice. AWEC appreciates the opportunity to respond to the questions in the Notice, which relate to the Commission’s approval of Washington utilities’ Conservation Potential Assessments (“CPAs”) pursuant to RCW 80.28.380.¹

II. COMMENTS

AWEC’s responses to the Commission’s questions are below.

- 1. **Does the requirement to incorporate the social cost of greenhouse gases under RCW 80.28.380 require the utility to use a total resource cost-effectiveness test in identifying cost-effective conservation measures? Please explain your answer.**

AWEC does not believe that any language RCW 80.28.380 suggests or requires any particular cost-effectiveness test.

¹ RCW 80.28.380 reads:

Each gas company must identify and acquire all conservation measures that are available and cost-effective. Each company must establish an acquisition target every two years and must demonstrate that the target will result in the acquisition of all resources identified as available and cost-effective. The cost-effectiveness analysis required by this section must include the costs of greenhouse gas emissions established in RCW 80.28.395. The targets must be based on a conservation potential assessment prepared by an independent third party and approved by the commission. Conservation targets must be approved by order by the commission. The initial conservation target must take effect by 2022.

2. An analysis of the availability of conservation is required under RCW 80.28.380. What considerations should be included in this analysis? Please explain your answer.

Conservation programs, even with the requirement to include the social cost of carbon, must continue to be focused on cost effective programs that can prevent the future purchase of natural gas by a utility for its core customers. As explained in Question 3 below, this analysis should not include transportation customers that purchase their own natural gas.

3. Must utilities include conservation measures from gas transportation customers in their identification of all conservation measures under RCW 80.28.380? Please explain your answer.

No, RCW 80.28.380 does not require utilities to include conservation measures for gas transportation customers in their CPAs. The statute is silent as to transportation customers and requiring utilities to consider these customers in their CPAs would contravene decades of utility practice.

RCW 80.28.380 was enacted as part of HB 1257 in 2019. The legislature intended HB 1257 “to provide incentives and regulations that encourage greater energy efficiency in all aspects of new and existing buildings, including building design, energy delivery, and utilization and operations.” In short, HB 1257 was primarily aimed at reducing greenhouse gas emissions related to Washington’s commercial building sector. As to natural gas companies in particular, the act “[e]stablishes efficiency performance requirements for natural gas distribution companies, recognizing the significant contribution of natural gas to the state’s greenhouse gas emissions, the role that natural gas plays in heating buildings and power equipment within buildings across the state, and the greenhouse gas reduction benefits associated with substituting renewable natural gas for fossil fuels.” Thus recognizing the major role natural gas plays in heating buildings, HB 1257 requires natural gas companies to “identify and acquire all conservation measures that are available and cost-effective” and encourages the procurement of renewable natural gas. In other words, to ensure that commercial buildings conserve energy and are heated efficiently, the legislature needed to likewise ensure that natural gas companies implemented cost effective conservation measures for the natural gas they provide to those core customers.

RCW 80.38.380 does not require transportation customers to participate in conservation programs because they purchase their own gas. The statute is instead directed at utility practice, mirroring the conservation requirements found in the Energy Independence Act (“EIA”)² and makes no mention of gas transportation customers. For example, many electric wheeling customers—the electric analogue to natural gas transportation customers—are excluded from Commission-approved CPAs because they do not contribute to electric system loads, only

² RCW 80.28.380 requires that “[e]ach gas company must identify and acquire all conservation measures that are available and cost effective,” and RCW 19.285.040 of the EIA similarly requires utilities to “pursue all available conservation that is cost-effective, reliable, and feasible.”

capacity.³ Likewise, natural gas transportation customers only use system capacity and have no impact on utilities' load requirements. And while "conservation measures" is not defined in statute, the EIA defines "conservation" as "any reduction in electric power consumption resulting from increases in the efficiency of energy use, production, or distribution." RCW 19.285.030(6). Electric utilities do not include all customers in their CPAs. The same should hold true for the natural gas industry.

This statutory interpretation is bolstered by several practical considerations. For one, requiring gas utilities to consider transportation customers in their CPAs would still be subject to a cost effectiveness test. Transportation customers in Washington have varied uses for the natural gas they purchase and use. It would be extremely complicated to try to identify and acquire conservation measures for hundreds of different companies involved in hundreds of different processes, and it is doubtful this could be done by the utilities in a cost-effective manner. Further, transportation customers are often sophisticated customers that already have an incentive to implement conservation measures because it directly impacts their bottom line. Furthermore, some transportation customers will soon be subject to HB 1257's Clean Buildings Standard, making consideration of these customers in CPAs needlessly duplicative, aside from being legally unfounded.

In sum, RCW 80.28.380 does not contemplate, nor would it be feasible, for gas utilities to "identify and acquire" conservation measures related to third party transactions and practices; in fact, gas utilities do not "acquire" natural gas for transportation customers. Through its clear language, RCW 80.28.380 is directed at ensuring *natural gas companies* implement cost effective conservation measures for the natural gas they provide to core customers, it does not apply to customers that use the utilities' pipeline systems to solely transport and deliver gas.

AWEC appreciates the opportunity to respond to these questions and can provide additional information about its comments if needed.

Dated this 27th day of September 2021.

Respectfully submitted,



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³ See e.g., *2020–2021 Biennial Conservation Plan*, PUGET SOUND ENERGY, Nov. 1, 2019, at 69 (available at file:///C:/Users/conta/Downloads/ees_2020_2021_biennial_conservation_plan%20(2).pdf).