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June 12, 2024

Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
P.O. Box 47250
Olympia, WA 98503-7250

Re: *Washington Utils. and Transp. Comm'n v. Puget Sound Energy*
Dockets UE-220066, UG-220067, UG-210918 (*consolidated*)
Final Order 24/10, Appendix A, Item 50

Dear Mr. Killip:

Puget Sound Energy (Company or PSE) filed with the Washington Utilities and Transportation Commission (Commission) on March 22, 2024. Their compliance filing was authorized in Order 24/10 (order). The settlement agreement required the Company to conduct a pilot distributional equity analysis (DEA) on its 80 MW portfolio of distributed solar resources. The Company identified the resources in the 2021 Integrated Resource Plan (IRP) and the Clean Energy Implementation Plan (CEIP), as detailed in Appendix A, Item 50.¹

In the Company's first steps towards meeting the compliance requirements in the order, PSE collaborated with the Lawrence Berkeley National Laboratory to develop methodologies for conducting a DEA, as described in the Methodology Development section of Attachment 2 of the pilot.² This collaboration intended to establish robust guidelines for assessing the distributional benefits of their 80 MW distribution solar portfolio, a critical element of the settlement conditions.

Commission Staff (Staff) is concerned about the scope of this compliance filing. PSE remains in the early stages of DEA pilot implementation, with no final results available at the time of filing, and the Company did not apply the developed methodology across the proposed distributed solar portfolio.

¹ *Wash. Utils. & Transp. Comm'n v. Puget Sound Energy*, Dockets UE-220066, UG-220067, & 210918, Order 24/10, 71, ¶ 232 (Dec. 22, 2022) (2022 PSE GRC Order) ("Within 15 months of the approval of this MYRP, PSE will file with the Commission a compliance item documenting the methods and results of the pilot distributional equity analysis.")

² *Wash. Utils. & Transp. Comm'n v. Puget Sound Energy*, Docket UE-220066, Distributed Equity Analysis Attachment 2, (March 22, 2024).

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In the settlement approved by the Commission, PSE committed to applying these methods to the entire 80 MW distributed solar project portfolio outlined in its 2021 CEIP.³ Instead, PSE narrowly placed the focus on two solar projects. These projects represent 0.3% of the proposed new distributed solar capacity, significantly limiting the value of the findings to address systemic inequities across PSE's service territory.

While Staff acknowledges that the 250 kW of projects analyzed by PSE incorporate considerations of distributional justice, the limited scope of the DEA does not provide enough information for Staff to even begin to consider if PSE's distributed solar portfolio satisfies the Commission's directive to assess and address distributional equity.⁴

Staff anticipate PSE submitting a plan in this docket to expand the DEA's scope to include, at minimum, a more representative sample of the 80 MW DER portfolio, in the future. The plan will describe a clear timeline and strategy for a DEA that adequately characterizes PSE's distributed solar portfolio. The resulting analysis would better align with the original stipulations of the order and enhance the usefulness of the pilot for informing decisions that can positively address existing inequities within PSE's service area.

While PSE took substantial steps toward compliance, Staff believes that the current filing does not meet the requirements of the order. Lessons learned from completing this compliance can be further discussed in the Commission lead Equity Docket A-230217. While Staff is not disputing this filing, Staff does not believe that this is in compliance with PSE GRC Order 24/10.⁵ Due to workload, efficiencies and other pragmatic considerations, Staff believes that this issue should be addressed in the Company's current GRC, Dockets UE-240004 and UG-240005.

Sincerely,

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NIC/jlr

cc: Parties

³ *In re Puget Sound Energy's 2021 Clean Energy Implementation Plan*, Docket UE-210795, Final Clean Energy Implementation Plan at 77 (December 17, 2021) (2021 CEIP).

⁴ *Wash. Utils. & Transp. Comm'n v. Cascade Natural Gas Corp.*, Docket UG-210755, Final Order 09, 16-17, ¶ 52; 19, ¶ 58; (Aug. 23, 2022) (2021 Cascade GRC Order).

⁵ 2022 PSE GRC Order at 71, ¶ 232.