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COMMISSION

Date: Thursday, November 12, 2020  
To: Washington Utility and Transportation Commissioners  
From: Robert S. Briggs  
Subject: Docket # UE-191023 and UE-190698

Thank you for the opportunity to comment on the CEIP and IRP rulemaking.

## Climate Change

*WAC 480-100-620 10 (b) At least one scenario must be a future climate change scenario. This scenario should incorporate the best science available to analyze impacts including, but not limited to, changes in snowpack, streamflow, rainfall, heating and cooling degree days, and load changes resulting from climate change.*

This requirement should be changed to require that the baseline scenario be based on best-available science related to future climate change. The Northwest Power and Conservation Council has done some highly-credible work involving climate projections for the Pacific Northwest that could be used in IRPs. Their work may represent an example of best-available science, although, I believe, the rule should not require use of specific data.

It would make sense to require at least one sensitivity representing more rapid than expected warming and attendant changes in precipitation patterns and one representing less rapid than expected climate changes. This low climate change projection might well be based on the traditional approach based on historic weather data. It makes utterly no sense to allow the bulk of modeling for an IRP to be performed on the basis of climate data that scientists knowledgeable in the field know to be extremely unlikely to occur. That is what the current language appears to encourage, and it needs to be changed.

## Social Cost of Carbon

*WAC 480-100-620 11 (j) Incorporate the social cost of greenhouse gas emissions as a cost adder as specified in RCW 19.280.030(3).*

*WAC 480-100-620 12 (i) Incorporate the social cost of greenhouse gas emissions as a cost adder as specified in RCW 19.280.030(3).*

It is imperative that that these two sections be clarified either through the addition of a clarifying clause or by including an adequate definition of the term “cost adder.”

It is clear that the Legislature included the requirement to use the social cost of carbon in planning and evaluating resource additions in order to facilitate decarbonization of the state’s power system through responsible decision-making based on the full cost of producing power. However, Puget Sound Energy’s Resource Planning and Analysis unit has demonstrated that without clear definition of the term “cost adder,” they will define this requirement in a way that undermines the Legislature’s intent.

By treating the social cost of carbon as a fixed cost associated with GHG-emitting plants, PSE's analysis approach prevents non-emitting supply- and demand-side resources from realizing any competitive advantage in the resource selection process. This is a hugely impactful error, because the cost of natural gas correctly burdened with the social cost of greenhouse gas emissions is more than three times as high as the commodity cost of gas alone, according to PSE's own numbers. PSE's treatment of the SCGHG "cost adder" reduces the social cost of carbon provision in RCW 19.280.030(3) to a mere accounting requirement with no impact on resource selection. That was CLEARLY NOT the Legislature's intent in including the requirement. This ambiguity, which has been demonstrated to have the practical effect of gutting the SCGHG provision, can be solved by simply inserting the word "variable" making the phrase in these two sections "variable cost adder." Even better would be to provide a definition of SCGHG adder that ensures that the cost adder be applied in a way that reflects the full incremental benefits in the social cost of greenhouse gas reductions resulting from non-emitting supply- and demand-side resources.

This is a very important revision for two additional reasons. Price reductions are expected to continue for a number of different carbon-free technologies including solar, batteries, wind, and renewable hydrogen. Correctly implementing this social cost of carbon requirement holds the potential to enable economics to drive the deployment of carbon-free energy ahead of the prescriptive CETA schedule. Enabling economics to rapidly drive the decarbonization transition would benefit all parties, including ratepayers. Finally, the Washington Legislature has shown considerable foresight in enacting requirements to use SCGHG. If the UTC devises effective rules for using SCGHG, those rules are likely to serve as a model for other states, multiply our success. Conversely if the UTC allows clear legislative intent to be circumvented through ambiguous language in rulemaking, other jurisdictions will be less likely to pursue this avenue.

## **Life-Cycle Greenhouse Gas Emissions**

This comment pertains to the omission of any requirements related to the treatment of upstream or life-cycle emissions in the rule. There are requirements in the rule to deal with the social cost of greenhouse gases. It is logically inconsistent to deal with the social costs of the combustion products of a fossil power plants operation while ignoring the social costs of the upstream consequences of producing the fossil fuel. The rule should clarify that the requirement to account for the social cost of greenhouse gases applies to both costs associated with direct CO<sub>2</sub> emissions and the social cost of upstream fugitive CH<sub>4</sub> emissions.

As a practical matter, for IRPs and CEIPs this issue relates to upstream methane emissions. At upstream leakage rates of slightly above 3%, the social costs related to fugitive methane emissions are equal to the costs of carbon emissions from combustion. Creating a rule that permits these costs to be ignored or understated would dramatically impair the effectiveness of the CETA legislation to achieve its stated purpose.

In previous comments on this rulemaking, Vashon Climate Action Group requested that language be added to the rule that requires reporting of the assumptions used in IRP analyses to upstream emissions. We have extensively documented that in the absence of clear requirements to do so, PSE has refused to disclose their assumptions with respect to life-cycle emissions and has used values inconsistent with current science. The need to clarify that upstream GHG emission must be included and that the underlying assumptions must be disclosed and consistent

with current science, is not just a theoretical concern. Recent experience has demonstrated that in the absence of effective rulemaking on life-cycle emissions, utilities will understate the large and increasingly unacceptable costs they are imposing on the public through these emissions.