

**BEFORE THE WASHINGTON  
UTILITIES & TRANSPORTATION COMMISSION**

IN THE MATTER OF  
PUGET SOUND ENERGY ENERGY CLEAN ENERGY IMPLEMENTATION PLAN  
PURSUANT TO WAC 480-100-640

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DOCKET UE-210795  
**RESPONSE TESTIMONY OF COREY DAHL AND AARON TAM  
ON BEHALF OF THE WASHINGTON STATE OFFICE OF THE  
ATTORNEY GENERAL PUBLIC COUNSEL UNIT**

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**EXHIBIT CDAT-3**

Public Counsel's Updated List of Conditions

October 10, 2022

# Public Counsel’s Updated List of Conditions

## Acronyms Used in this List

Acronym	Full Name
CBI	Customer Benefit Indicator
CEIP	Clean Energy Implementation Plan
CETA	Clean Energy Transformation Act
CRAG	Conservation Resource Advisory Group
DER	Distributed Energy Resource
DR	Demand Response
EAG	Equity Advisory Group
EE	Energy Efficiency
LIAC	Low Income Advisory Committee
KLI	Known Low-Income
PSE	Puget Sound Energy
RFP	Request For Proposal
SCADA	Supervisory Control And Data Acquisition
TVR	Time-Varying Rates

## I. INTERIM AND SPECIFIC TARGETS

1. In its 2023 Biennial CEIP Update and in future CEIPs, PSE must include descriptions of quantitative (i.e., cost based) and qualitative (e.g., equity considerations) analyses that support interim targets to comply with the CETA 2030 and 2045 clean energy standards.
2. In its 2023 Biennial CEIP Update and in future CEIPs, PSE must include quantitative and qualitative risk analysis, if risk is used to justify deviating from the lowest reasonable cost solution that complies with CETA.
3. PSE will maintain the proposed renewable energy target of 63% by 2025.

## II. SPECIFIC ACTIONS

4. PSE must update the narrative description and table of specific actions (Appendix L) in the 2023 Biennial CEIP Update. PSE must describe how *each of* the specific actions demonstrate progress towards clean energy transformation standards at the lowest reasonable cost (*see* WAC 480-100-640(6)(f) and WAC 480-100-610(4)). As part of the narrative description and table of specific actions (Appendix L), PSE will list the CBIs and metrics associated with each specific action, the values for the associated metrics, and the distributional impacts, particularly on named communities<sup>1</sup> (*see* WAC 480-100-640(5)). As part of the narrative

<sup>1</sup> “Named communities” is a term frequently used by Washington stakeholders to collectively refer to highly impacted communities as defined in RCW 19.405.020(23) and vulnerable populations as defined in RCW 19.405.020(40).

description, PSE must describe how each specific action will move PSE towards meeting their CBI goals and metric targets.

#### **A. Distributed Energy Resources and Distribution Planning**

5. Within three months of a Commission Order, PSE must remove the DER preferred portfolio selection process and results from its 2021 CEIP. PSE may illustrate various program dimensions that will be considered through the various DER suites, but PSE must clarify that the DER portfolio of programs and specific actions will be determined after finalizing its assessment of the DER RFP proposals and consulting with stakeholders by the 2023 Biennial Update. This DER RFP assessment summary and new DER portfolio selection process will be described in the 2023 Biennial CEIP Update.
6. PSE must present its assessment of the DER RFP proposals and consult with relevant advisory groups (including but not limited to the EAG, LIAC, and CRAG) on the full suite of DER programs, the selection of DER proposals, and the implementation process no later than three months after a Commission Order. PSE must provide a detailed explanation in instances where PSE's selections diverge from stakeholder suggestions.
7. PSE must develop and propose DER solar, DER storage, DR, and EE offerings for named communities and consult with EAG and interested stakeholders. PSE must incorporate feedback from the EAG and stakeholders and provide a detailed explanation in instances where PSE's named community DER solar, DER storage, DR, and EE proposals diverge from stakeholder suggestions. PSE must also consult with the EAG and interested stakeholders on DER program planning and implementation. PSE must start this work no later than three months after a Commission Order, and PSE must complete this work by the 2023 Biennial CEIP Update.
8. PSE must include more details about program design in the description of the Residential Rooftop Solar Leasing program in its 2021 CEIP.
9. PSE must conduct a Distribution System Planning process in coordination with its CEIP process, as part of an integrated system planning approach for distribution system investments. A goal of the Distribution System Plan is identifying ways that connected customer-side resources can provide system value for all customers and achieve an equitable distribution of benefits and burdens to vulnerable populations and highly impacted communities. PSE must solicit stakeholder input to help identify options and priorities for community-based resources and provide equitable treatment of measures that can enhance distribution carrying capacity, including those not owned or controlled by PSE.

#### **B. Demand Response**

10. If the PSE GRC Revenue Requirement Settlement is approved, PSE must refile the 2021 CEIP to harmonize the DR targets with the settlement agreement.
11. PSE must explain in the 2023 Biennial CEIP update how the Company views the distinction between DR and DER and why DR was included in the Targeted DER RFP.

12. PSE will include a description of the cost-effectiveness of any commercial and industrial curtailment programs in the 2023 Biennial CEIP update.
13. PSE must include a narrative in the 2023 Biennial CEIP update and 2025 CEIP describing anticipated impacts on customer benefits and burdens from DR programs.

### **C. Non-Wire Alternatives**

14. By the 2023 Biennial CEIP Update, PSE must incorporate the distributional equity analysis into its selection of non-wire alternatives that will be applied to the 2025 CEIP and future proposed non-wire alternative projects. PSE must engage the CRAAG and EAG in the development of the non-wire alternatives selection process. PSE anticipates this analysis will become more detailed and clear as the CEIP equity work matures.
15. In the 2023 Biennial CEIP Update, PSE must explain the selection process for non-wire alternative projects developed prior to the CEIP and clarify how the company views DERs compared to non-wire alternatives. PSE must also describe the differences between the DER selection process and the non-wire alternative selection process and why they follow different evaluations and selection processes. PSE must also explain how it distinguishes between non-wire alternative projects that are necessary to meet CETA requirements from non-wire alternative projects that should be considered part of the company's core business operations (i.e., reliability).
16. In the 2023 Biennial CEIP Update, PSE must explain why the Non-Wire Alternatives Evaluation Tool and associated costs are included in the CEIP and explain why the tool is necessary for CETA compliance.

### **D. Time-Varying Rates**

17. PSE must include in its 2023 Biennial Update an explanation of the TVR pilot program and how the program will be structured to gather data about the program's impacts on benefits and burdens for named communities.

### **E. Distributional Equity Analysis**

18. PSE must conduct a distributional equity analysis of its service territory that will describe the current benefits and burdens on customers by location and population, and the projected impact of specific actions on the distribution of customer benefits and burdens during the implementation period.
19. PSE must consult regularly with the EAG on the development of the distributional equity analysis. Upon completion of PSE's Pilot Distributional Equity Analysis, PSE must present the findings in its 2023 Biennial CEIP Update when it is filed or as a supplemental attachment if more time is needed to complete the analysis.
20. PSE must incorporate the results of its distributional equity analysis into the 2025 CEIP. In instances where PSE diverges from or conflicts with findings in the analysis, the Company must provide a detailed justification for doing so.

21. In the 2025 CEIP, PSE must describe how specific program selection and implementation actions will mitigate risks and reduce burdens to named communities. PSE must incorporate qualitative data on the lived experience of named communities in this distributional equity analysis.

## **F. Public Participation Process**

22. PSE must develop a community outreach plan to ensure more meaningful public participation, in consultation with the EAG and other stakeholders. PSE must include this plan in the biennial CEIP update. The outreach plan must incorporate: (1) facilitating ongoing opportunities for direct interaction between the company and communities; (2) allocating funding for staff positions trained and dedicated to community outreach and facilitating collaborations; (3) choosing arrangements for community interactions to maximize effective participation, accounting for factors such as meeting times, locations, and translation needs; (4) ensuring that affected individuals and communities have access to sufficient information to enable meaningful participation in activities; (5) ensuring sufficient time for meaningful interaction before decisions are made or unalterable commitments are agreed to; and (6) ensuring transparency in decision-making.

## **III. CUSTOMER BENEFIT INDICATORS**

23. PSE must track and report the following CBIs and metrics in its 2021 CEIP. PSE commits to work to expand data availability during this CEIP period. The Company does not have to duplicate data collection efforts if it is collecting the same data in other dockets, but it may use that data for CBI and metric reporting.
  - a. PSE must add the following CBIs and metrics to the CETA category of Reduction of Burden:
    - i. CBI: Decrease number of households with a high energy burden (>6%)
    - ii. Metrics:
      1. Number and percent of households
      2. Average excess burden per household

This CBI must be separately tracked and reported for all PSE electric customers KLI customers and named communities. KLI customers are defined as those who have received energy assistance during the prior two years.
  - b. PSE must add the following CBI and metrics to the CETA category of Energy Security:
    - i. CBI: Decrease residential arrearages and disconnections for nonpayment
    - ii. Metrics:
      1. Number and percentage of residential electric disconnections for nonpayment by month, measured by location and demographic information (zip code/census tract, KLI customers, Vulnerable Populations, Highly Impacted Communities, and for all customers in total). If residential disconnections are not required to be reported quarterly to the Commission in any other docket (e.g., U-200281 or U-210800) or rule, PSE must report residential disconnections as reported pursuant to Commission Order 04 (Appendix A Third Revised Term

- Sheet, Section J, Part 2 a)<sup>2</sup>, in Docket U-200281, on a quarterly basis through the end of this CEIP implementation period (December 31, 2025).
2. Residential arrearages as reported pursuant to Commission Order 04 (Appendix A Third Revised Term Sheet, Section J, Part 8 a-c)<sup>3</sup> in Docket U-200281. If residential arrearages are not required to be reported to the Commission in any other docket (e.g., U-200281 or U-210800) or rule, PSE must track the following residential electric data by month, measured by location and demographic information (zip code/census tract, KLI customers, Vulnerable Populations, Highly Impacted Communities, and for all customers in total)<sup>4</sup> and report the data to the Commission on a quarterly basis through the end of this CEIP implementation period (December 31, 2025)<sup>5</sup>:
  3. The number of customers with past-due balances (arrearages); and,
  4. The amount of past-due balances that are 30+, 60+, and 90+ days past due, and the total amount of arrearages.
- c. PSE must add the following metrics to the CBI for “Improved participation in clean energy programs from highly impacted communities and vulnerable populations”:
    - i. Number of residential appliance and equipment rebates provided to customers residing in named communities.
    - ii. Number of residential rebates provided to customers residing in rental units.
24. PSE must acknowledge that not all CBIs and metrics will be relevant or applicable to resource selection. PSE must develop, in conjunction with relevant advisory groups (including but not limited to the CRAG, EAG, and LIAC) and stakeholders, a transparent methodology for applying CBIs and metrics that are appropriate for future resource planning and acquisition decisions in the 2023 CEIP Biennial Update and the 2023 IRP. This must include changes to its weighting and scoring processes for future resource acquisition processes.
25. PSE must address major concerns brought forward by stakeholders particularly around the selection, prioritization, and application of CBIs and metrics. PSE must formally present and discuss any Joint Advocate or other stakeholder proposed CBIs and associated metrics that were not included in the Company’s filed CEIP and the final Commission approved CEIP with conditions, to its advisory groups, customers, and other interested stakeholders at a CEIP Public Participation Meeting(s) and at a separate joint advisory group meeting(s), to include but not limited to the CRAG, EAG, and LIAC within three months of a Commission Order. PSE must invite representatives from the Joint Advocates to present the Joint Advocate CBIs and describe the differences between the Joint Advocate’s CBIs and the

<sup>2</sup> U-200281, Order 04, Appendix A UTC Staff Third Revised Term Sheet, issued on July 2, 2021. Disconnection data for Section J, Part 2 is reported quarterly by zip code.

<sup>3</sup> Arrearage data for Section J, Part 2 is reported quarterly by zip code.

<sup>4</sup> For electric customers that also have natural gas service, this data will include their total arrearages as the Company is unable to separate their electric and natural gas specific arrearages.

<sup>5</sup> Data will be reported in this CEIP docket (UE-210795) on a quarterly basis, filed within 30 days following the end of each quarter. For Q4 2025, the data will be filed by January 31, 2026.

Company's. Following these discussions and careful consideration of the feedback received, PSE must propose an updated set of CBIs and associated metrics in its 2023 Biennial Update. These would then be adopted and applied to specific actions in the 2025 CEIP. If PSE deviates from stakeholder and advisory group input on CBIs, the Company must provide a detailed justification for doing so.

26. Within 10 days of a Commission Order, PSE must file in the CEIP docket a comprehensive report card of all CBIs and metrics that the Company currently reports, CBIs and metrics that it has been directed to report by the Commission, and CBIs and metrics that it must evaluate through a stakeholder process before the 2023 Biennial Update.
27. In the 2021 PSE CEIP, PSE must remove directionality language from its metrics and distinctly separate the desired target or directionality for each metric (i.e., create a separate column in Table 7-5 of the 2021 PSE CEIP that indicates the desired target or directionality for each metric). PSE must include in this table a separate column of specific actions that are relevant to meeting each CBI goal and metric target.

#### IV. INCREMENTAL COST

28. Public Counsel recommends that the Commission not make a determination at this time regarding actual incremental cost of compliance or PSE's ability to rely on the incremental cost of compliance in approving the CEIP.
29. PSE must participate in any further discussions and/or workshops regarding incremental cost calculations and incorporate any changes necessary to their methodology.
30. PSE must recalculate the projected incremental cost of compliance with CETA as a condition of approval of this CEIP, as detailed below:
  - a. PSE must not attribute DER enablement and grid modernization costs to CETA in the revised calculation, but instead must also include them in the alternative lowest reasonable cost and reasonably available portfolio (non-CETA portfolio).
  - b. Specifically, PSE must remove at minimum the following costs from the CETA portfolio: Hosting Capacity Analysis (\$6.19), Virtual Power Plant (\$9.62m), Data Lake and Analytics Substation SCADA – Accelerated); and Circuit Enablement-DER and Microgrid (\$57.5m attributed to CETA). The removal of these costs from the projected incremental cost of compliance with CETA in this docket should have no bearing on the prudence determination or cost recovery for these investments.
31. PSE must remove corporate marketing and promotional costs from its Communications and Education costs that are categorized under the PSE CEIP incremental cost calculation. At minimum, PSE must remove all actions and costs associated with "In-language marketing partnerships" from this CEIP. PSE must explain in the 2023 Biennial CEIP Update how it derived its Communications and Education costs, what the Communications and Education actions specifically entail, and demonstrate how these costs are directly attributable to specific actions that are necessary to comply with or make progress toward CETA requirements.

## V. COST RECOVERY

32. While inclusion in the CEIP could factor into a prudence determination, PSE should not to rely solely on the 2021 CEIP to justify prudence of energy resource acquisitions made on or after January 1, 2023. While the CEIP may include specific actions PSE may take to comply with CETA's clean energy targets, prudence determinations of energy resource acquisitions will be made through the general rate case process.
33. PSE must remove their request for approval and prudence determination for DER and DER-related investments at this time on page 28 of their 2021 CEIP.
34. PSE must provide clear, transparent costs for all of their preferred generation resources.