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350 Seattle
5031 University Way NE
Seattle, WA 98105

October 25, 2021

Executive Director and Secretary Amanda Maxwell
Washington Utilities and Transportation Commission
https://efiling.utc.wa.gov/Form

Re: UTC Docket UG-210729

Dear Executive Director and Secretary Amanda Maxwell,

Thank you for the opportunity to comment on UG-210729, Chair Danner's motion to consider whether natural gas utilities should continue to use the Perpetual Net Present Value methodology to calculate natural gas line extension allowances.

Our short answer is no, Perpetual Net Present Value methodology is not appropriate. Gas line extensions should end. Consider allowances for beneficial electrification instead.

350 Seattle is named for the parts-per-million of CO2 in the atmosphere that are considered the upper limit for a stable climate. The current level of CO2 is 414.30 (1).

As the *Sixth Assessment Report* (2) from the IPCC reminds us, the window for stabilizing global warming at 1.5°C is rapidly closing. The report signals "code red for humanity," the Secretary General told us. "Every fraction of a degree counts." (3)

Methane, the main component of fossil gas, is over 80 times more potent than CO2 at warming our atmosphere (4). Therefore, *it is urgent that we reduce our use of it immediately.*

Thankfully, Washington's 2021 Statewide Energy Strategy recognizes that we must decarbonize the gas industry (5). To further this goal the Legislature has charged the UTC with creating a pathways report to the Legislature (6).

Given this context it makes no sense to continue to expand the use of fossil gas.

So, when considering the use of the Perpetual Net Present Value methodology, we find that the net value of fossil gas is negative. Existentially, world-threateningly negative. Through the sustained use of fossil gas we risk its negative effects on our climate becoming nearly perpetual.

When it comes to gas line extension allowances, Perpetual Net Present Value is a mirage. Were the UTC to continue to use it, the Commission would perpetuate a distorted system that encourages utilities to contribute to our collective existential risk.

From a financial perspective, it is not in the best interests of existing customers to subsidize new customers' use of soon-to-be-stranded assets, such as gas lines. From a climate perspective, existing customers would be investing in the instability of our climate, ensuring catastrophic outcomes for their children.

The UTC should correct Washington’s overly generous gas line allowance program and replace it with one that accomplishes what the State Energy Strategy recognizes is needed, beneficial electrification.

Thank you for bringing forward this motion and inviting our consideration of it,

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References

(1) Current level of atmospheric CO2: https://www.co2.earth/daily-co2

(2) *AR6 Climate Change 2021: The Physical Science Basis*, Intergovernmental Panel on Climate Change, https://www.ipcc.ch/report/ar6/wg1/

(3) *Guterres: The IPCC Report is a code red for humanity*, United Nations Regional Information Centre for Western Europe, 8 Sept 2021, https://unric.org/en/guterres-the-ipcc-report-is-a-code-red-for-humanity/

(4) *How Potent is Methane?* Jessica McDonald, 24 Sept 2018, https://www.factcheck.org/2018/09/how-potent-is-methane/

(5) *Reduce Energy Consumption and Emissions in the Built Environment,* Washington 2021 State Energy Strategy, Washington Department of Commerce, December 2020, https://www.commerce.wa.gov/wp-content/uploads/2020/12/Washington-2021-State-Energy-Strategy-December-2020.pdf

(6) *Examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets*, UTC Docket U-210553, 14 July 2021, https://www.utc.wa.gov/casedocket/2021/210553