

April 26, 2022

To:
Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission

From:
Washington Clean Energy Coalition

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Docket U-210590

Below are answers to the survey related to developing a UTC policy statement regarding an expanded regulatory role beyond the traditional cost of service ratemaking.

These responses are from the Washington Clean Energy Coalition, the members of which are listed at the bottom of our survey responses.

In general, let us express our appreciation for this opportunity to weigh in and to applaud the UTC's efforts to define an expanded regulatory role that can enable it to fully address climate change and equity issues.

As you will see in our answers below, we wish the UTC to use its authority to move Washington State investor-owned utilities to become zero-emissions utilities as quickly as possible. We view the climate change crisis as an existential threat to ourselves, our children, grandchildren, and to the living planet. It pains us to know that when we use electricity provided by Puget Sound Energy, significant amounts of harmful greenhouse gases are emitted to generate that electricity, and this is likely to continue for years to come. We urge the UTC to use every possible tool to speed the transition to 100 percent clean energy.

Question #1: What goals and outcomes should be pursued through regulation in Washington?

- 1.1 The UTC's goal should be to accelerate investor-owned utilities' transition to clean energy resources to achieve an outcome of zero greenhouse gas emissions (NOT net zero, but actual zero) well before the 2045 deadline set by the Clean Energy Transformation Act.
- 1.2 To speed the transition to clean energy for both electricity and gas utilities, including the expedited reduction of fossil gas use by consumers to heat buildings and water, dry clothes, and cook food.
- 1.3 To create a situation where conservation and energy efficiency is a win-win for both utility and customer. The outcomes will be significantly reduced energy demand and carbon emissions, improved energy resilience, lower customer bills, and less infrastructure built, which will in turn save money and resources.
- 1.4 To demand transparent release of data, including costs of different energy sources and how those cost estimates compare with national standards (ie

Lazard's), and the reasons for any discrepancies. This will enable advisory groups to analyze the data and provide valuable critiques and alternatives.

- 1.5 To implement all steps with attention to equity issues to create fair outcomes.
- 1.6 To require utilities to define "cost effectiveness" employing a low discount rate (to promote long term investments) and include the social cost of carbon.
- 1.7 To increase the use of distributed energy resources and local storage. Outcomes include less need for expensive transmission lines and greater resilience in the energy system.

Question #2: What are the current regulatory mechanisms, approaches, or processes that are currently influencing or incentivizing utility performance? What behaviors or achievements are currently incentivized?

- 2.1 The primary goal of investor-owned utilities is to maximize returns for their investors.
- 2.2 This incentivizes investor-owned utilities to maximize investments in infrastructure, for which they can then recover costs through increased rates to their customers.
- 2.3 We see many examples of this profit-motivated dynamic. This raises questions about profitable infrastructure projects being preferred over investments that would better serve customers and the environment. Examples include:
 - a. Energize Eastside project, in which PSE wishes to upgrade high voltage transmission lines rather than pursue energy efficiency, demand response, decentralized energy production (e.g., rooftop solar) and energy storage facilities.
 - b. PSE's LNG plant undertaking in Tacoma even though PSE's current forecast of customer demand for gas shows that added gas supply isn't needed; and
 - c. PSE's plans to build new gas "peaker" plants (described in its Integrated Resource Plan).

Question #3. In what ways does the Commission's current regulatory framework (i.e. traditional cost of service regulation) measure utility performance? What additional performance measures should the Commission be tracking?

- 3.1 Washington's current regulatory framework is not aligned with the role citizens wish the Commission to play – namely to reduce our state's carbon emissions and to do so with appropriate attention to transition planning and equity issues. The state legislature has enacted laws to reduce our emissions and many of our state's municipalities and counties have set ambitious climate action plans. Investor-owned utilities should produce a report showing the extent of their compliance with municipalities and counties' planned carbon reduction in their energy supply so that regulators and planners will have more certainty as to whether their climate action goals are

achievable. Meanwhile, we see investor-owned utilities like PSE: (a) dragging their feet on the implementation of such laws; (b) actively advocating against new legislation that would make it easier for local governments to further mitigate the use of fossil fuels; and (c) misleading the public about the benefits of fossil gas by information campaigns using phrases like “clean,” “bridge fuel,” and “low cost” gas. Utilities should not be allowed to do such things today.

- 3.2 The Commission should track greenhouse gas emissions from the utilities that it regulates.
- 3.3 Last summer, Washington experienced an excessive heat event. It will not be the last. The UTC should track utilities’ abilities to shift load (e.g. from water heaters) during an excessive heat event or any other grid demand crisis.

Question #4: What metric design principles would need to be considered to develop metrics in order to determine which utility behaviors or achievements should be incentivized?

- 4.1 A fundamental design principle is transparency in all planning documents. Utilities must show, for example, their cost assumptions for various resource and efficiency alternatives and the weather (climate) projections on which their plans are based.
- 4.2 Such data transparency needs to be available not only to the UTC and the Attorney General’s office, but also to the public. UTC staff are overstretched. Citizen scrutiny of utilities’ data can vastly expand the analyses available and identify opportunities for improved plans.
- 4.3 Plans proposed by Washington state investor-owned utilities should be compared to the best plans from utilities in other states to reveal possibilities that may be overlooked.
- 4.4 See point #6 in response to Question #1 regarding the cost effectiveness metric.

Question #5: What questions should the Commission ask related to regulatory goals, desired outcomes, and metric design principles for the next comment period?

- 5.1 What are the fastest and most efficient ways the investor-owned utilities can reduce their greenhouse gas emissions to reduce our contribution to global warming and the deadly effects it is having on our planet?
- 5.2 How can we achieve greater data transparency from our investor-owned utilities? Outcomes include greater trust from the public, improved analysis, and more options identified for achieving our goals.
- 5.3 How can we encourage greater distributed energy and storage to achieve the goal of greater energy resiliency and lower costs?
- 5.4 How can we assure that utilities are building in the “social cost of greenhouse gasses” into all of their planning, with the desired outcome of disincentivizing fossil energy sources?

- 5.5 How can we demand that utilities use updated “Social costs of greenhouse gasses” as published by recognized agencies such as the International Panel on Climate Change?
- 5.6 How can we assure that utilities are attending to equity issues in their planning?
- 5.7 Does the UTC need changes in Washington law to properly carry out their new mission of reducing greenhouse gas emissions?

These responses are submitted by the Washington Clean Energy Coalition.

Sincerely,

A handwritten signature in cursive script that reads "Don Marsh".

Don Marsh
Lead, Washington Clean Energy Coalition

The Washington Clean Energy Coalition is a coalition of members of environmental and civic organizations that have participated for many years in the development of PSE's Integrated Resource Plans and currently the Clean Energy Implementation Plan. Participating members are from the following organizations: Sierra Club; 350, Seattle; Climate Action Bainbridge; NW Energy Coalition; People for Climate Action; Union of Concerned Scientists; Vashon Climate Action Group, Whidbey Environmental Action Network.