



ATTORNEY GENERAL OF WASHINGTON

Public Counsel

800 Fifth Ave • Suite 2000 • MS TB-14 • Seattle, WA 98104-3188 • (206) 464-7744

August 13, 2021

SENT VIA WUTC WEB PORTAL

Mark L. Johnson
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: *Relating to the Commission's examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets, Docket U-210553, Initial Comments of Public Counsel*

Dear Mr. Johnson:

The Public Counsel Unit of the Washington State Attorney General's Office ("Public Counsel") respectfully submits these comments pursuant to the Washington Utilities and Transportation Commission's ("UTC" or "Commission") July 26, 2021, Notice of Workshop and Notice of Opportunity to File Written Comments ("Notice") relating to the Commission's examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets. Section 143(4) of the 2021–23 Omnibus Operating Appropriations Act ("Appropriations Act") provides funding to the Commission to "examine feasible and practical pathways for investor-owned electric and natural gas utilities to contribute their share to greenhouse gas emissions reductions as described in RCW 70A.45.020." Public Counsel's comments are in response to the questions provided in the Notice, which are based on required considerations for the Commission's examination as stated in the Appropriations Act.

NOTICE QUESTIONS

1. Section 143(4) of the Appropriation Act Includes the Following Required Considerations as part of the Commission's Examination:

a. How natural gas utilities can decarbonize;

While natural gas use involves greenhouse gas (GHG) emissions, natural gas utilities must identify and acquire all conservation measures that are available and cost-effective pursuant to RCW 80.28.380.¹ Such conservation measures may include reducing customer use (demand side management), weatherization, and line maintenance to prevent leakage. In rulemakings and

¹ See RCW 80.28.380.

To: Mark L. Johnson, Executive Secretary

Re: Relating to the Commission's examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets, Docket U-210553

Date: August 13, 2020

Page 2 of 7

adjudications going forward, the UTC should seek transparency in reporting from natural gas utilities regarding planning and steps taken to achieve these requirements.

The UTC could also explore elimination of gas line extension allowances to new customers or limiting these allowances only to qualifying low-income customers. These programs could distinguish between allowances for developers versus individual customers, as a lot of the benefit of these programs may go to developers when they build housing and construct gas lines.

Although as discussed during the workshop, renewable natural gas (RNG) programs alone have limited ability to achieve decarbonization goals. Natural gas utilities are also required under RCW 80.28.385 to offer RNG programs to customers.² Therefore, these natural gas utilities should continue to pursue RNG programs to help meet the GHG reduction goals in RCW 70A.45.020.³ In addition, legislative mandates could be expanded to incorporate new program offerings and injection of RNG into natural gas systems to help meet the decarbonization goals.

Issues to examine:

- *Natural gas conservation programs – expand existing programs, add programs, effectively target programs*
- *Line extension allowances – eliminate or limit line extensions*
- *RNG programs – support expansion of existing programs, add community based small programs*
- *Expanded legislative mandates for (1) RNG program offerings and (2) injecting RNG into the system*

b. The impacts of increased electrification on the ability of electric utilities to deliver services to current natural gas customers reliably and affordably;

Utility rates are required to be fair, just, reasonable, and sufficient to provide reliable services, even as natural gas use declines as electrification increases. As natural gas customers decrease, utilities that provide only natural gas to customers will have fewer customers. In contrast, utilities providing both electric and natural gas services may have greater financial flexibility in making up for the loss of gas customers who would convert to electricity, but remain a customer. As utilities continue to file rate cases, it will be increasingly important to have comprehensive

² See RCW 80.28.385.

³ See UE-210553, CETA Implementation Workshop Recording (Aug 9, 2021).

To: Mark L. Johnson, Executive Secretary

Re: Relating to the Commission's examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets, Docket U-210553

Date: August 13, 2020

Page 3 of 7

and granular data to track disconnections, new customers, and increased electric usage that takes place as electrification increases.

The UTC should also examine how to avoid increasing GHG emissions through increased electrification. Depending on an electric utility's fuel mix, increased electrification could have the unintended consequence of increasing carbon intensity of energy use by increasing the number of customers on high GHG-emitting systems.

Issues to examine:

- *Data needs and goals for that data*
- *Data collection requirements*
- *Avoiding GHG emissions increases from adding electric customers to high-GHG-emitting electric systems.*

- c. The ability of electric utilities to procure and deliver electric power to reliably meet that load; and**
- d. The impact on regional electric system resource adequacy, and the transmission and distribution infrastructure requirements for such a transition;**

The UTC should work within its authority to require distribution planning to help electric utilities procure sufficient power to reliably meet load demands and address transmission and distribution infrastructure requirements. Public Counsel and other parties submitted significant commentary on the issue of distribution planning in Docket U-161024, which the UTC could leverage in proposing rules that require such planning for the purpose of meeting increased electrification system requirements.⁴ The UTC should propose distribution planning rules that require transparency to enable stakeholder participation, and incorporate into the Integrated Resource Planning (IRP) process. Distribution planning can be used to ensure reliability, safety, resiliency, customer benefits, cost-effectiveness, and energy efficiency.

In addition, as individual utilities participate in their respective IRP rulemakings and EIA RPS reporting, information should be available to assess the ability of each utility to meet load requirements and take necessary steps on the basis of this information. Information should continue to be transparent and shared among interested stakeholders to facilitate ongoing discussions to plan for adequate procurement and delivery of services needed for increased

⁴ *Rulemaking for Integrated Resource Planning, WAC 480-100-238, WAC 480-90-238, and WAC 480-017*, Public Counsel Comments on Distribution Planning, Docket U-161024 (May 17, 2018).

To: Mark L. Johnson, Executive Secretary

Re: Relating to the Commission's examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets, Docket U-210553

Date: August 13, 2020

Page 4 of 7

electrification, including transmission and distribution infrastructure projects that have the potential to affect customer rates.

By gathering data on usage, utilities can better anticipate load increases, which helps support investment in capital projects to ensure sufficient capacity to meet and deliver electric power safely and reliably. For this reason, it is important for utilities to be able to plan and use systems in place to achieve cost and energy efficiencies.

While there is always the risk that energy supply may not be enough to meet the demand, utilities are able to purchase electric power from the day-ahead spot market. However, better planning with better data collection can help utilities more accurately predict increased load demands and avoid having to purchase excess, often more costly electricity available on the market.

Issues to examine:

- *Comprehensive distribution planning rules*
- *Methods to share data across IRP rulemakings and EIA RPS reporting to support electrification planning*

e. The costs and benefits to residential and commercial customers, including environmental, health, and economic benefits;

Near-term costs of electric conversion from natural gas use are outweighed by the uncertainty of future natural gas costs as well as the social cost of continued GHG emissions. Decarbonization and electrification now will help customers avoid future consequences of continued GHG-emissions including poor air quality, increased temperatures, and extreme weather events including wildfires. These consequences, while shared across customer classes and demographics, disproportionately affect low-income and highly impacted communities.

Issues to examine:

- *Methods to collect granular data on direct costs to customers to either shift to electrification or continue using natural gas (e.g., fully electrified appliances or any modifications necessary to use RNG)*
- *Methods to collect data on social cost of emissions*
- *Explore additional measures of Social Cost of Carbon that could better encapsulate societal costs of natural gas consumption in the Northwest*
- *Identify needs of specific communities (e.g., some neighborhoods may already use more electrified appliances or some may have local air quality concerns related to use of natural gas, etc.)*

To: Mark L. Johnson, Executive Secretary

Re: Relating to the Commission's examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets, Docket U-210553

Date: August 13, 2020

Page 5 of 7

f. Equity considerations and impacts to low-income customers and highly impacted communities; and

Public Counsel supports continuation and extension of programs to support low-income and highly impacted utility customers as utilities decarbonize to meet the goals in RCW 70A.45.020. When collecting demographic information in planning for policy changes, the UTC should prioritize data that identifies the needs of highly impacted groups.

The UTC should also work within its broad authority to incentivize conversion away from natural gas use to electric. Financial costs to convert to full electrification from natural gas use are outweighed by the uncertainty of future natural gas cost fluctuations, as well as the tremendous social cost of continued GHG emissions. Because climate consequences, such as increased temperatures, particulate emissions, sea level rise, and wildfires, disproportionately affect low-income and highly impacted communities, it is important to implement policies that can facilitate these customers choosing electrification and decarbonization, while maintaining rates that are fair, just, reasonable, and sufficient to provide service.

Issues to examine:

- *Methods to collect data sufficient for each policy addition or revision to accurately evaluate its impacts on low-income customers and highly impacted communities*
- *Methods within the Commission's broad authority to incentivize electrification so these customers and communities can transition with less financial strain*

g. Potential regulatory policy changes to facilitate decarbonization of the services that gas companies provide while ensuring customer rates are fair, just, reasonable, and sufficient.

Public Counsel supports implementation of energy efficiency and conservation programs to offset the GHG emissions generated from the use of natural gas, such as those mentioned in response to the question in Section a. above. The UTC should work within its broad authority to incentivize line extension allowances for electric instead of gas use. Gas line extension allowance programs, where not eliminated, could be limited only to qualifying low-income customers.

In addition, as discussed above in our response in section c and d, the UTC should work within its authority to require distribution planning to help electric utilities work toward achieving the

To: Mark L. Johnson, Executive Secretary

Re: Relating to the Commission's examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets, Docket U-210553

Date: August 13, 2020

Page 6 of 7

decarbonization goals in RCW 70A.45.020.⁵ The UTC should propose distribution planning rules that require transparency to enable stakeholder participation, and incorporate into the IRP process. Distribution planning can be used to ensure reliability, safety, resiliency, customer benefits, cost-effectiveness, and energy efficiency.

Issues to examine:

- *Incentivize line extension allowances for electric*
- *Limit gas line extension allowances to qualifying low-income customers*
- *Propose and require distribution planning rules*

h. Subject to budget and data constraints, what, if any, additional considerations should the Commission include as part of its examination?

To meet the statutory mandate in the Appropriations Act, the Commission's examination should not just gather data but analyze that data to determine how to achieve the decarbonization goals in RCW 70A.45.020 in the most feasible, practical, and effective ways possible.

Issues to examine:

- *Analyze and not merely summarize the data this examination will gather*

2. Besides any Additional Considerations Provided Above, What else do you Think the Commission Should Consider During the Development of the Study and Consultant Engagement?

Public Counsel believes the UTC should schedule additional workshops and discussion with interested parties to develop further its study and recommendations, and publish this schedule including milestones and further opportunities for stakeholders to submit written comments.

Issues to examine:

- *Deliver a public schedule of workshops, milestones, and comment opportunities*

3. Please Provide References that may be Relevant to the Commission's Examination of Practical and Feasible Decarbonization Strategies, Including Resources Evaluating the Impacts of the Strategies. Examples of Relevant Resources may

⁵ See *Rulemaking for Integrated Resource Planning, WAC 480-100-238, WAC 480-90-238, and WAC 480-017, Public Counsel Comments on Distribution Planning, Docket U-161024 (May 17, 2018).*

To: Mark L. Johnson, Executive Secretary
Re: Relating to the Commission's examination of energy decarbonization impacts and pathways for electric and gas utilities to meet state emissions targets, Docket U-210553
Date: August 13, 2020
Page 7 of 7

Include, but are not Limited to, Publicly Available Studies and Reports as well as Documentation of Community Listening Sessions and Equity Analysis Frameworks.

Public Counsel recommends referencing reports from the International Panel on Climate Change as well as reports from the Energy Information Agency. Public Counsel also recommends that the UTC reference information from the following sources for an analysis of similar gas distribution planning efforts that have occurred in California:

- California's Distribution Resource Planning Five-Year Retrospective;⁶
- Gas Resource and Infrastructure Planning for California, A Proposed Approach to Long-Term Gas Planning (Jan. 2021) (regarding long-term planning in a decarbonizing world);⁷ and
- California's Gas System in Transition (Sept. 2019) (regarding near-term planning).⁸

Public Counsel looks forward to reading suggestions in response to this question from other stakeholders.

* * *

We appreciate the opportunity to submit comments. If you have any questions about this filing, please contact the undersigned, or Thomas Johnson at (206) 254-0562 or Thomas.Johnson@ATG.WA.GOV.

Sincerely,

/s/ *Ann Paisner*

ANN N.H. PAISNER, WSBA No. 50202
Assistant Attorney General
Public Counsel Unit
(206) 573-1127
Ann.Paisner@ATG.WA.GOV

⁶ Arthur O'Donnell, Marc Monbouquette, Matthew McDonnell, and Michael Colvin, *California's Distribution Resource Planning Five-Year Retrospective*, GRIDWORKS (Oct. 11, 2019) <https://gridworks.org/2019/10/californias-distribution-resource-planning-five-year-retrospective/>.

⁷ Gridworks, GAS RESOURCE AND INFRASTRUCTURE PLANNING FOR CALIFORNIA (Jan. 2021), available at https://gridworks.org/wp-content/uploads/2021/01/CA_Gas_Resource_Infrastructure_Plan_Report_FINAL.pdf.

⁸ Gridworks, CALIFORNIA'S GAS SYSTEM IN TRANSITION (Sept. 2019), available at https://gridworks.org/wp-content/uploads/2019/09/GW_Calif-Gas-System-report-1.pdf.