

Wednesday, May 12, 2021

Dear UTC Commissioners:

Subject: DOCKET # UE-210220 - Comment on Social Cost of Greenhouse Gases In PSE's Draft 2021 All Source RFP

I am concerned that PSE's draft RFP is not compliant with Washington State Law.

Specifically, I am concerned that the RFP ignores the requirement in law for electric utilities to consider the social cost of greenhouse gas (SCGHG) emissions in evaluating and selecting long-term resource options. The requirement to do so is spelled out quite clearly in the excerpt below from ENGROSSED SECOND SUBSTITUTE SENATE BILL 5116, page 33.<sup>1</sup>

(3) (a) An electric utility **shall consider the social cost of greenhouse gas emissions**, as determined by the commission for investor-owned utilities pursuant to section 15 of this act and the department for consumer-owned utilities, when developing integrated resource plans and clean energy action plans. An electric utility **must incorporate the social cost of greenhouse gas emissions as a cost adder when:**

- (i) Evaluating and selecting conservation policies, programs, and targets;
- (ii) Developing integrated resource plans and clean energy action plans; and
- (iii) **Evaluating and selecting intermediate term and long-term resource options.**

My assertion that the RFP is not compliant with this requirement is based on my observation that the term "social cost of greenhouse gas," its abbreviation, or any other term generally understood to have the same or similar meaning does not appear in the main body of the RFP or in the Evaluation Criteria.

It will be virtually impossible for those reviewing proposals to evaluate them with respect to SCGHG without that value being explicitly calculated, nor would it be proper to evaluate proposals based on the social cost of greenhouse gas emissions without having disclosed that as an evaluation criterion.

This omission is extremely important because the cost of fossil natural gas when correctly burdened with the SCGHG is more than three times as large as the commodity cost of the gas itself, even according to PSE's own calculations, which substantially understate costs associated with upstream methane emissions.

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<sup>1</sup> CERTIFICATION OF ENROLLMENT, ENGROSSED SECOND SUBSTITUTE SENATE BILL 5116, 66th Legislature, 2019 Regular Session.  
<https://lawfilesexternal.wa.gov/biennium/2019-20/Pdf/Bills/Senate%20Passed%20Legislature/5116-S2.PL.pdf>

PSE's draft IRP needs to be amended to correct this omission before it is issued.

Respectfully submitted,

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