

**EXH. LCM-7T
DOCKET UE-210795
2022 PSE CEIP
WITNESS: LAUREN C. MCCLOY**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of
PUGET SOUND ENERGY, INC.
2021 Clean Energy Implementation Plan

Docket UE-210795

**PREFILED CROSS-ANSWERING TESTIMONY (NONCONFIDENTIAL) OF
LAUREN C. MCCLOY
ON BEHALF OF NW ENERGY COALITION AND FRONT AND CENTERED**

December 12, 2022

**NW ENERGY COALITION AND FRONT AND CENTERED
PREFILED CROSS-ANSWERING TESTIMONY (NONCONFIDENTIAL) OF
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LIST OF EXHIBITS

Exh. LCM-8	NWEC and Front and Centered's Recommended Conditions for PSE's 2021 CEIP
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1 **INTRODUCTION**

2 **Q. Please state your name, title, and business address.**

3 **A.** My name is Lauren C. McCloy, and I am the Policy Director for the NW Energy
4 Coalition (“NWEC”). My business address is 811 1st Ave., Suite 305, Seattle, WA 98104.

5 **Q. On whose behalf are you submitting this cross-answering testimony?**

6 **A.** I am still testifying as a witness for NW Energy Coalition and Front and Centered.

7 **Q. Have your qualifications changed since your last testimony in this proceeding?**

8 **A.** No.

9 **Q. What is the scope of your cross-answering testimony?**

10 **A.** My cross-answering testimony will briefly respond to several recommendations made by
11 other witnesses on topics including customer benefit indicators, distributed energy
12 resources, PSE’s process for identifying specific actions, and interim clean energy
13 targets. My cross-answering testimony only addresses a narrow set of issues in response
14 to other witnesses. The full recommendations of NW Energy Coalition and Front and
15 Centered on these and other topics are described in my response testimony (Exh. LCM-
16 1T) and the response testimony submitted by Mariel Thuraisingham (Exh. MFT-1T),
17 Roger Colton (Exh. RDC-1T), Scott Reeves (Exh. SR-1T), and Elaine Hart (Exh. EKH-
18 1T). These recommendations are summarized in Exh. LCM-8.

19 **ANALYSIS**

20 **Customer Benefit Indicators**

21 **Q. Please summarize why it is critical that PSE’s CBIs are comprehensive.**

22 **A.** CETA requires PSE to ensure that all customers are benefiting from the transition to
23 clean energy through the equitable distribution of benefits and reduction of burdens.

1 RCW 19.405.040(8). Under the Commission’s rules implementing CETA, CBIs are the
2 primary way that utilities must define, measure, and make progress on this equity
3 obligation. WAC 480-100-640(4); WAC 480-100-610(4)(c). If PSE’s CBIs do not
4 accurately capture key components of the benefits and burdens of PSE’s actions, then
5 even if PSE makes progress on its CBIs it would be failing to comply with CETA’s
6 underlying mandate to ensure the equitable distribution of benefits and reduction of
7 burdens. Accordingly, it is critical that the Commission condition its approval of PSE’s
8 CEIP on changes to PSE’s CBIs to ensure that they comprehensively capture the impact
9 of the utility’s actions on its customers, especially highly impacted communities and
10 vulnerable populations (together, “named communities”).

11 **Q. Do you agree with other parties’ recommendations for changes to PSE’s CBIs?**

12 **A.** In general, yes, though many other parties’ recommended changes do not go far enough
13 to ensure that PSE’s CBIs accurately measure the equitable distribution of benefits and
14 reduction of burdens. Commission Staff Witness Jennifer Snyder, for example,
15 recommends only modest changes to PSE’s CBIs, including changes to how PSE
16 measures cost reduction and resiliency. Exh. JES-1T at 39:07-42:02. While these changes
17 would improve PSE’s CBIs, they do not ensure that PSE’s CBIs demonstrate compliance
18 with CETA’s equity mandate.

19 Specifically, of the various changes proposed by other parties, the additional CBI
20 “Increased Named Community Clean Energy” and associated metrics proposed by
21 NWECC and Front and Centered captures the most aspects of the equitable distribution of
22 the benefits of PSE’s DER programs. PSE’s DER programs can offer substantial benefits
23 to participants, such as onsite energy generation and/or savings, reduction in bills and

1 energy burden, wealth accumulation and increased property values, improved indoor and
2 outdoor air quality, self-governance through ownership and control, increased resiliency
3 through availability of backup power, increased home comfort, and more. While PSE has
4 proposed to track some of these benefits or burdens separately—such as improved
5 outdoor air quality and reduced energy burden—participation in some of PSE’s DER
6 programs offers one of the clearest pathways for PSE to influence these important
7 benefits and burdens in named communities. PSE’s proposed CBIs and metrics would
8 measure changes to some benefits and burdens without tethering them to *actions taken by*
9 *PSE*, and so they do not adequately demonstrate that PSE is meeting its obligation to
10 ensure the equitable distribution of benefits and reduction of burdens.

11 In other areas, I agree with recommendations of other parties’ witnesses.
12 Specifically, I agree with Public Counsel Witness Aaron Tam and TEP Witness Lorena
13 Shah’s recommendations regarding amendments and additions to PSE’s CBIs and metrics
14 to include disconnections for nonpayment, arrearages, and additional measures of energy
15 burden. Exh. LAS-1T at 13:11-14:40; Exh. CDAT-1T at 29:10-27. I also agree with
16 Witness Shah’s recommended addition to PSE’s CBIs to address expanded translation
17 services. Exh. LAS-1T at 5.

18 **Q. Do you agree with Witness Snyder that the Commission should provide additional**
19 **guidance on CBI development, potentially including sources companies should**
20 **reference?**

21 **A.** Yes. Because CBIs are the primary way that utilities must define, measure, and make
22 progress on CETA’s equity obligation under the Commission’s current rules, the

1 Commission should offer additional guidance to ensure that utilities adopt comprehensive
2 CBIs and metrics.

3 **Q. Have you reviewed the Energy Equity Project Report?**

4 **A.** Yes. To my knowledge, the Energy Equity Project Report is the most comprehensive
5 framework that has been developed for incorporating equity considerations into energy
6 regulation. It is an appropriate framework for the Commission to reference in developing
7 this guidance.

8 **Q. Do you agree with Witness Snyder that the Commission should direct PSE to adopt
9 interim targets for its CBIs and metrics?**

10 **A.** Yes. However, I disagree that it is appropriate to defer establishing and making progress
11 on targets until the 2025 CEIP and subsequent implementation period. This would not, in
12 my opinion, satisfy CETA's equity requirements in 2022-2025. As I discuss below, the
13 Commission should require PSE to adopt minimum designations for named communities
14 as a condition of approval of this CEIP, even if a more comprehensive set of targets is
15 deferred until 2025.

16 **Distributed Energy Resources**

17 **Q. In your opinion, why is it important for the Commission to require PSE to adopt
18 minimum designations for named communities for the energy benefits of its DER
19 programs, in addition to other parties' recommendations?**

20 **A.** As I explained earlier and in my response testimony, many of PSE's DER programs offer
21 substantial benefits to participants. To help ensure these substantial benefits are equitably
22 distributed, PSE must ensure that its programs are equitably enrolled by designating a
23 minimum of 30% of the energy benefits of its DER programs for named communities.

1 These minimum designations should apply across a tranche of programs—for example,
2 30% of the energy benefits of PSE’s distributed solar programs, collectively, should be
3 designated for named communities. This would allow PSE to increase benefits to named
4 communities in some specific offerings, such as community solar programs, to offset
5 lower enrollment in others.

6 Other parties have recommended important changes to PSE’s CEIP to help
7 promote an equitable distribution of benefits and reduction of burdens, such as Witness
8 Snyder’s recommendation that PSE should adopt targets for its CBIs and metrics,
9 Witness Tam’s recommendation that PSE develop specific DER offerings for named
10 communities, and Witness Shah’s recommendations for additional CBIs and metrics.

11 While I support these recommendations, some will take time to implement. It is critical to
12 ensure that the benefits of the actions PSE takes under *this* CEIP are equitably
13 distributed. Minimum designations for whichever set of DER programs PSE ultimately
14 pursues would do so.

15 **Q. Could your recommendation that PSE develop minimum designations for named**
16 **communities for the energy benefits of its DER programs be characterized as an**
17 **interim target for the CBI “Named Community Clean Energy” that you have**
18 **proposed?**

19 **A.** Yes. The “Named Community Clean Energy” CBI I have proposed includes a number of
20 associated metrics, and ensuring that 30% of the energy benefits of PSE’s DER programs
21 flow to named communities would be an appropriate interim target for some of those
22 metrics. However, the Commission should include these minimum designations as a
23 condition of approval of this CEIP, regardless of whether the Commission includes the

1 “Named Community Clean Energy” CBI and/or requires interim targets for this and other
2 CBIs in this or future CEIPs. These minimum designations will help ensure that PSE’s
3 specific actions under this CEIP further an equitable distribution of benefits. Without
4 these minimum designations, PSE’s CEIP does not include sufficient measures to ensure
5 that the benefits of its specific actions will flow to named communities.

6 **Q. Do you agree with Witness Shah’s concerns regarding PSE’s proposed battery
7 leasing program?**

8 **A.** Yes. In addition to the concerns identified by Witness Shah, *see* Exh. LAS-1T at 7:01-17,
9 many of our concerns with PSE’s proposed rooftop solar leasing program also apply to
10 PSE’s battery leasing program, especially as those programs apply to named
11 communities.

12 **Specific Actions and Process Improvement**

13 **Q. Please summarize the reason it is problematic that PSE’s CEIP does not include
14 specific resource actions.**

15 **A.** As discussed in my response testimony, the CEIP must include robust clean energy
16 targets, and specific actions to meet those targets. These specific actions should be
17 concrete, based on the best information the utility has at the time, and should be updated
18 as needed to reflect changing circumstances. PSE’s approach in this CEIP is problematic
19 because it is not possible for PSE to describe the impact of its actions on the clean energy
20 transformation standards or on customer benefits (including to named communities) with
21 any specificity until PSE has selected actual, concrete, specific resource actions from the
22 results of its RFPs.

1 **Q. What is your response to the testimony of Staff Witness Jennifer Snyder as it relates**
2 **to lack of specific actions?**

3 **A.** I agree with Witness Snyder’s observations concerning the lack of specific actions and
4 the issues of timing, transparency, and equity considerations, discussed in JES-1T at 25-
5 29. Under normal circumstances, I agree that the biennial update would be an appropriate
6 venue for updating a company’s chosen specific actions based on new information.
7 However, witness Snyder’s recommendation to allow PSE to wait until the 2023 CEIP
8 update to finally disclose its specific actions presumes that there is no remedy for the
9 Company’s failure to comply with WAC 480-100-640 in this case. I disagree. The
10 Commission can and should condition its approval of the final CEIP on revisions that
11 identify the specific actions PSE will take in this CEIP, along with the required
12 associated narrative and quantitative analysis of equity and other impacts.

13 I agree with witness Snyder that “[u]ltimately, it is the Company’s responsibility
14 to ensure that internal planning and acquisition processes line up in such a way as to
15 allow PSE to meet regulatory requirements.”¹ However, the Commission must hold PSE
16 accountable for ensuring that the timing of its processes line up, and allow for public
17 input into its selection of specific actions. This planning cycle, PSE requested and
18 received from the Commission multiple extensions for its IRP, RFP, and CEIP—these
19 extensions contributed to the problems of timing and data availability that resulted in the
20 lack of specific actions in this CEIP. We agree with witness Snyder that it would be
21 appropriate for the Commission to consider the proper timing between IRPs, RFPs,

¹ JES-1T at 26:15-17.

1 CEIPs, and MYRPs in a future rulemaking or policy statement. However, in the
2 meantime, the Commission should order PSE not just “to evaluate methods” to improve
3 the alignment of the Company’s planning and procurement processes, but to actually
4 *implement improvements* to ensure compliance with the Commission’s rules and Final
5 Order in this docket. At a minimum, these improvements must enable the Company to
6 include specific actions in its CEIP and to file a draft CEIP on a timeline sufficient to
7 incorporate comments on the draft into the final CEIP. If the Company fails to make at
8 least these minimum improvements in future planning cycles, the Commission should
9 take enforcement action for PSE’s failure to comply with WAC 480-100-640.

10 **Q. Do you agree with Witness Dahl that the Commission should require PSE to**
11 **conduct a distributional equity analysis as a condition of approval of PSE’s 2021**
12 **CEIP?**

13 **A.** Yes, I agree with Witness Dahl’s recommendations, discussed in CDAT-1T at 24-25.

14 **Q. Are there any other process improvements you recommend?**

15 **A.** Yes. I recommend that the Company hire an independent technical advisor, at the
16 Company’s expense (similar to the independent evaluator for procurement), to support
17 the EAG. An independent technical advisor would help ensure that the EAG has the tools
18 it needs to provide detailed feedback to PSE, including on technical issues that implicate
19 CETA’s equity mandate.

20 **Interim Clean Energy Targets**

21 **Q. What is your response to AWEC witness Lance Kaufman concerning the interim**
22 **clean energy targets?**

1 A. I disagree with AWEC witness Kaufman’s recommendation that the Commission direct
2 PSE to refrain from further accelerating renewable energy targets in the event that its
3 costs are less than planned. PSE’s cost assumptions in this CEIP pre-date the enactment
4 of the federal Inflation Reduction Act, which will significantly reduce the costs of solar,
5 wind, and battery storage, among other resources.² To the extent that renewable energy
6 costs are lower than PSE estimates in its CEIP, it would be imprudent for PSE *not* to
7 increase its targets in order to achieve the clean energy standards at the least-cost, least-
8 risk to customers. A failure to do so would represent a missed opportunity for PSE
9 customers to benefit from replacing emitting, higher-cost resources with cleaner, lower-
10 cost resources.

11 **Q. Do you agree with AWEC that PSE should reduce its interim clean energy targets?**

12 A. No.

13 **Q. What is your response to AWEC witness Kaufman’s statement that it is “self-
14 evident” that lower clean energy targets are better for named communities?**³

15 A. This is absurd. As addressed in my response testimony, CETA specifically requires that
16 the clean energy transition results in an equitable distribution of benefits and reduction of
17 burdens to highly impacted communities, vulnerable populations, and low-income
18 customers. By requiring an equitable distribution of benefits and reduction of burdens,
19 CETA seeks to address past harms to a diverse set of named communities, while
20 transitioning to a cleaner, more sustainable, and more just electricity system. If the means

² Energy Innovation. A Roadmap for State Electricity Policy. <https://energyinnovation.org/publication/implementing-the-inflation-reduction-act-a-roadmap-for-state-electricity-policy/>

³ LDK-1T at 8:14.

1 of achieving an equitable distribution of benefits and reduction of burdens were “self-
2 evident” and equate to lower clean energy targets, there have been many opportunities for
3 the Commission or the Legislature to enlighten all stakeholders on this point, and we
4 simply would not be debating about it three and a half years after the legislation was
5 enacted.

6 **CONCLUSION**

7 **Q. Please summarize your recommendations.**

8 **A.** I recommend that the Commission approve PSE’s CEIP subject to the conditions
9 described in my response testimony and the testimony of Mariel Thuraisingham, Roger
10 Colton, Scott Reeves, and Elaine Hart. These conditions are summarized in Exh. LCM-8,
11 which is attached as an exhibit to this cross-answering testimony.

12 **Q. Does this conclude your testimony?**

13 **A.** Yes, it does.