

**EXH. WTE-1T
DOCKET UE-210795
PSE'S CEIP
WITNESS: WILLIAM T. EINSTEIN**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY

**Clean Energy Implementation Plan
Pursuant to WAC 480-100-640**

Docket UE-210795

PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF

WILLIAM T. EINSTEIN

ON BEHALF OF PUGET SOUND ENERGY

DECEMBER 12, 2022

PUGET SOUND ENERGY

PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF

WILLIAM T. EINSTEIN

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1 **PUGET SOUND ENERGY**

2 **PREFILED REBUTTAL TESTIMONY (NONCONFIDENTIAL) OF**

3 **WILLIAM T. EINSTEIN**

4 **I. INTRODUCTION**

5 **Q. Please state your name, business address, and position with Puget Sound**
6 **Energy.**

7 A. My name is William Einstein, and my business address is Puget Sound Energy,
8 P.O. Box 97034, Bellevue, Washington 98009-9734. I am employed by Puget
9 Sound Energy (“PSE”) as Director, Product Development and Growth.

10 **Q. What are your duties as Director, Product Development and Growth at PSE?**

11 A. I am responsible for the development and marketing of new customer products
12 including PSE’s transportation electrification program, community solar product,
13 voluntary renewable electric and natural gas products, the Green Direct product,
14 the customer product elements of PSE’s Time Varying Rates pilots, and the
15 customer facing elements of PSE’s future Distributed Energy Resource products
16 outlined in PSE’s 2021 Clean Energy Implementation Plan (“2021 CEIP”).

1 **Q. What is the purpose of this prefiled rebuttal testimony?**

2 A. This prefiled rebuttal testimony covers the following topics:

3 **Product Development Process:** This prefiled rebuttal testimony provides the
4 Commission with an overview of PSE’s product development process to explain
5 how PSE identifies, designs, and deploys new customer products and services.
6 This testimony illustrates how PSE intends to handle the development of
7 Distributed Energy Resource customer products by filing more specific electric
8 service tariff schedules with the Commission in order to bring such new
9 Distributed Energy Resource products and services to market for customers.

10 **Community and Customer Engagement:** This prefiled rebuttal testimony
11 outlines PSE’s approach to community and customer engagement in its product
12 development process. PSE uses these processes to collect and assess feedback
13 from highly impacted communities, vulnerable populations, and service
14 providers. This prefiled rebuttal testimony also discusses how PSE applies the
15 outcomes of those engagements in product design with the goal of maximizing
16 benefits of, and minimizing barriers to, these products. In addition to describing
17 this engagement, this prefiled rebuttal testimony also responds to the suggestion
18 made by NW Energy Coalition (“NWEC”) and Front and Centered witness
19 Lauren McCloy that PSE conduct an additional Distributed Energy Resource
20 Public Engagement pilot.

1 **Distributed Energy Resource Products:** This prefiled rebuttal testimony
2 responds to positions taken by parties regarding PSE’s Community Solar
3 program, the proposed rooftop solar leasing concept, and PSE’s analysis of a rent-
4 to-own solar concept. Additionally, this prefiled rebuttal testimony discusses
5 whether PSE should engage with an Advisory group such as the Conservation
6 Resource Advisory Group (“CRAG”) to review the full suite of Distributed
7 Energy Resource programs, the selection of Distributed Energy Resource
8 proposals, and the implementation process.

9 **Application of Distributional Equity in Customer Products:** Finally, this
10 prefiled rebuttal testimony responds to recommendations around income-
11 eligibility criteria, minimum designations or thresholds, locational targeting, and
12 community ownership and control.

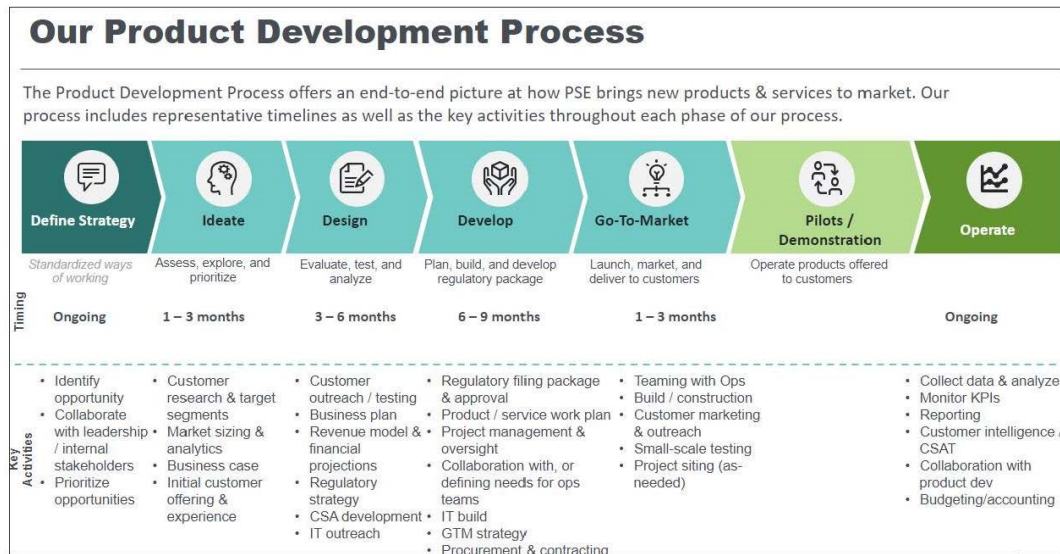
13 **II. PRODUCT DEVELOPMENT PROCESS**

14 **Q. Does PSE utilize a standard process to facilitate new product development?**

15 A. Yes. PSE has established an end-to-end process to aid in introducing new
16 products and services to market as detailed in Figure 1 below. PSE generally uses
17 this process for the implementation for all new customer-facing products and
18 services.

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Figure 1. Product Development Process



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Q. When and how did PSE establish its product development process?

4

A. PSE engaged an outside service provider in 2018 to help define and establish its product development process. This was accomplished by assessing current industry best practices for product development and conducting internal interviews with product groups and internal stakeholders to understand the current state and to document any areas for improvement. Out of this process, goals and objectives were identified, a high-level design framework and detailed process flows were created, and that detail was then shared with product groups and internal stakeholders for further refinement.

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1 **Q. What were the intended key outcomes of this work?**

2 A. The key outcomes were first, to develop a new product development process;
3 second, to create new business tools and templates to facilitate that process; and
4 finally, to establish next steps for implementation.

5 **Q. Why did PSE establish this product development process?**

6 A. PSE established this product development process to mature and formalize its
7 ability to:

- 8 • Develop and deliver new products and services more
9 effectively;
- 10 • Incorporate industry best practice;
- 11 • Incorporate greater customer feedback in the development
12 of products;
- 13 • Establish a consistent framework for both internal and
14 external stakeholders; and
- 15 • Drive business efficiencies.

16 **Q. When did PSE begin to use the product development process?**

17 A. PSE first began using this formalized product development process in 2019.

18 **Q. What are the product development phases employed before a product is**
19 **operational?**

20 A. There are four distinct phases, as detailed below, that PSE may leverage in
21 bringing a new product to market:

- 1 • Ideate
- 2 • Design
- 3 • Develop
- 4 • Go-to-market

5 **Q. How long does the product development process usually take?**

6 A. The average product development process can take anywhere between 12
7 and 18 months from ideation to product launch to customers depending on the
8 complexity of the product, market readiness, duration of regulatory review, and
9 other internal/external interdependencies.

10 **Q. What occurs during the ideation phase and how long does this phase usually**
11 **last?**

12 A. The ideation phase allows PSE to assess, explore, and prioritize various product
13 concepts. To accomplish this, PSE conducts customer research and segmentation,
14 completes market sizing and analytics, develops an initial business case, and
15 details preliminary customer offering and experience. These activities can take
16 anywhere between one and three months.

17 **Q. What type of activities does PSE include in the design phase and how long**
18 **does this phase usually last?**

19 A. During the design phase, PSE focuses on evaluating, testing, and analysis. Key
20 activities for this phase include customer engagement and testing, development of

1 a formal business plan, creation of financial models, determination of regulatory
2 requirements, identification of information technology requirements and initial
3 cost estimates, and securing of internal corporate approvals. Given the breadth of
4 activities in this phase, the various steps can take approximately three to six
5 months.

6 **Q. What type of activities does PSE include in the development phase and how**
7 **long does this phase usually last?**

8 A. In the development phase, the primary objectives are to plan, build, and develop
9 the final regulatory package and operational capabilities. Some activities include
10 creation of the regulatory filing package and securing Commission approval,
11 finalization of the product and service work plan, definition of project
12 management requirements, development of a go-to-market strategy, and execution
13 of any necessary information technology infrastructure development, material
14 procurement, and/or service provider contracting and onboarding activities. The
15 development phase can take anywhere between six and nine months to complete.

16 **Q. What type of activities does PSE include in the go-to-market phase and how**
17 **long does this phase usually last?**

18 A. The go-to-market phase is when PSE formally delivers the product to market and
19 enrolls customers. This launch phase includes customer outreach and marketing,
20 any initial installation or enrollment activities, and project siting or small-scale
21 testing as needed. This phase can last approximately one to three months.

1 **Q. Are there aspects of this product development process that are relevant in**
2 **this proceeding?**

3 A. Yes. Multiple parties in this proceeding have commented that they would have
4 liked to see greater specificity and details about the Distributed Energy Resource
5 preferred portfolio that PSE outlined in the 2021 CEIP. For example, Public
6 Counsel suggests that PSE “did not include more granular information about the
7 projected impacts of each specific action on the distribution of customer benefits
8 and burdens and impact on named communities”¹ The Energy Project argues
9 that “PSE’s descriptions of planned ‘Specific Actions’ related to solar and battery
10 leasing ... [provide] program concepts rather than specific plans to be
11 implemented.”² NWEC and Front and Centered states as follows:

12 PSE’s approach is problematic because it is not possible for PSE to
13 describe the impact of its actions on the clean energy transformation
14 standards or on customer benefits including to named communities
15 with any specificity until PSE has selected actual, concrete, specific
16 resource actions from the results of its RFPs.³

17 **Q. How does PSE respond to these arguments that the 2021 CEIP lacked the**
18 **specificity desired by the parties to this proceeding?**

19 A. PSE understands and appreciates that stakeholders and customers would have
20 preferred that the 2021 CEIP provide greater details on the specific actions
21 regarding product design details for each of the elements of the Distributed
22 Energy Resource preferred portfolio. PSE also would have preferred to provide

¹ Tam, Exh. CDAT-1T at 14:7-9.

² Shah, Exh. LAS-1T at 8:1-4.

³ McCloy, Exh. LCM-1T at 38:15-19.

1 greater details on the specific actions regarding product design details for each of
2 the elements of the Distributed Energy Resource preferred portfolio in the 2021
3 CEIP. Unfortunately, greater detail was not available at the time of filing the
4 CEIP because PSE was not able to align the timing of several critical and related
5 procedural items. Specifically, PSE needed to conduct its all-source Distributed
6 Energy Resource request for proposal while it was working in parallel to develop
7 and design potential Distributed Energy Resource products to be included in the
8 Distributed Energy Resource section of the CEIP. The long duration of the
9 request for proposal process as well as the extended timeline for developing and
10 receiving approval for the 2021 CEIP have extended PSE's timeline for
11 completing design and development of Distributed Energy Resource related
12 products by between six and nine months. PSE also needed several months to
13 conduct the customer engagement needed to ensure new Distributed Energy
14 Resource products will be designed with critical input from customers, especially
15 those from named communities and vulnerable populations. In short, PSE
16 provided as much product and project detail in the 2021 CEIP as was available to
17 PSE at the time.

18 **Q. Does PSE understand that the Commission and stakeholders will need to see**
19 **additional detail about product designs prior to the launch of any products**
20 **for customer enrollment?**

21 A. Yes. PSE understands that the Commission and stakeholders will need to see
22 additional detail about product designs prior to the launch of any products for

1 customer enrollment. As outlined further in this prefiled rebuttal testimony, PSE
2 has started the community and customer engagement and product design
3 processes for Distributed Energy Resource products. As noted above, the product
4 development process is the mechanism by which PSE advances product concepts
5 into viable electric service tariff schedules. PSE intends to share greater detail
6 about the potential product offerings as it consults with highly impacted
7 communities, vulnerable populations, and other customers prior to filing specific
8 electric service schedule tariffs for approval by this Commission beginning in
9 2023. This process will allow PSE to share important detail regarding product or
10 service parameters, such as customer eligibility criteria, participation terms and
11 conditions, asset ownership, technology implications, and customer costs and
12 benefits.

13 **Q. What stages of the product development process described above did PSE**
14 **use in the development of the preferred portfolio presented in the**
15 **2021 CEIP?**

16 A. PSE did not complete the full product development process prior to developing
17 and submitting the preferred portfolio for the 2021 CEIP given where PSE was in
18 the process of defining and understanding the Distributed Energy Resource
19 elements required for the 2021 CEIP. Instead, PSE focused on the ideation phase
20 and used initial customer market research and analytics to develop high-level
21 business cases to outline initial product concepts.

1 **Q. At what stage is more specificity applied to product concepts?**

2 A. In the design and develop stages, PSE usually conducts more direct customer
3 outreach and testing, financial modeling, and business and operational planning
4 and analytics to create a viable product that it intends to submit to the
5 Commission as an electric service tariff schedule for approval. Unfortunately,
6 conflicting timelines did not provide PSE with sufficient time, as detailed above,
7 to undertake the design and develop stages in the development of the preferred
8 portfolio in the 2021 CEIP.

9 **Q. Does PSE intend to conduct a community and customer engagement effort in**
10 **the development of the products and services that will support the**
11 **2021 CEIP?**

12 A. Yes. PSE understands that public participation is a critical part of developing and
13 deploying new Distributed Energy Resource products and services. As detailed
14 below, PSE has initiated a community and customer engagement effort to inform
15 the development of the products and services that will support the 2021 CEIP.

1 **Q. Is PSE requesting, in this proceeding, that the Commission approve distinct**
2 **electric service tariff schedules for each concept outlined in its preferred**
3 **portfolio?**

4 A. No. PSE will file with the Commission, under separate dockets, distinct electric
5 service tariff schedules necessary to meet the targets established in the 2021 CEIP
6 after the Commission has issued an order in this proceeding.

7 **Q. Has the Commission approved any of the products listed in the preferred**
8 **portfolio?**

9 A. Yes. The Commission approved PSE's Community Solar Project Services under
10 electric service tariff Schedule 134. The most current schedule became effective
11 on June 27, 2021.

12 **III. COMMUNITY AND CUSTOMER ENGAGEMENT**

13 **Q. Please describe PSE's community and customer engagement process for**
14 **development of new products and services for customers.**

15 A. In order to design equitable and accessible Distributed Energy Resource products
16 and programs, PSE will provide highly impacted communities, vulnerable
17 population customers, and the community-based organizations, government
18 agencies, and tribal entities that serve them, with opportunities to participate in
19 the product design process. PSE will structure its community engagement to seek
20 input from a diverse set of customers to understand (i) what types of products or

1 programs that highly impacted communities and vulnerable population customers
2 would find most beneficial, (ii) what barriers exist for highly impacted
3 communities and vulnerable population customers in accessing these products or
4 programs, and (iii) how PSE can best design solutions to alleviate and overcome
5 those barriers and maximize the benefits that highly impacted communities and
6 vulnerable population customers value most.

7 At this time, PSE plans to:

- 8 • conduct interviews with up to eight community-based
9 organizations;
- 10 • conduct three focus groups (one to be conducted in
11 Spanish) with commercial and residential customers
12 focusing on high level benefits and barriers related to DER
13 programs and services;
- 14 • conduct two workshops (one to be conducted in Spanish)
15 with commercial and residential customers to test draft
16 program concepts, with a focus on ownership structures,
17 incentive levels, and siting considerations, among others;
18 and
- 19 • distribute one survey to residential customers that further
20 test hypothetical future programs.

1 The above engagement will be cascading in nature. As each engagement tool is
2 used, the PSE team will synthesize and incorporate feedback into the next stage of
3 engagement to inform the questions asked and seek additional information from
4 the expertise, stories, and lived experiences of communities and customers.

5 **Q. Has PSE successfully utilized this community and customer engagement**
6 **process in the development of other electric service tariff schedules?**

7 A. Yes. PSE employed a similar process in the development and successful approval
8 of the following Phase 1 electric service tariff schedules, under Docket UE-
9 220294, in support of its Transportation Electrification Plan, acknowledged by the
10 Commission in Docket UE-210191 on August 12, 2021, pursuant to
11 RCW 80.28.365:

- 12 • Schedule 552 (Electric Vehicle Residential Charging
13 Products and Services);
- 14 • Schedule 553 (Electric Vehicle Education and Outreach);
- 15 • Schedule 555 (Electric Vehicle Fleet Charging Products
16 and Services);
- 17 • Schedule 556 (Electric Vehicle Load Management
18 Incentive), and
- 19 • Schedule 583 (Electric Vehicle Charging Products and
20 Services).

21 This process and PSE’s engagement with many stakeholders received strong
22 support during the Commission’s review of the Transportation Electrification
23 Plan in this docket.

1 **Q. Was the IAP2 Public Participation Spectrum applied to this engagement?**

2 A. Not specifically, but PSE’s above-stated process aligns with several of the IAP2
3 Public Participation Spectrum principles. In reviewing the IAP2 Public
4 Participation Spectrum, PSE’s above-stated process is most reflective of the
5 ‘Involve’ step in the spectrum. However, there are some actions that are reflective
6 of the ‘Collaborate’ step in the spectrum. When barriers are identified in the
7 community engagement process, PSE will ask community members what product
8 design elements PSE could implement to remove or reduce those barriers. To the
9 maximum extent possible, PSE will incorporate those recommendations and
10 preferred solutions. PSE will also share the draft tariffs with community
11 engagement participants to allow for further recommendations and suggestions
12 prior to finalization.

13 **Q. What communities will PSE prioritize for inclusion in the community and**
14 **customer engagement processes to ensure a diverse set of customer voices are**
15 **heard?**

16 A. PSE’s community engagement will prioritize communities who would experience
17 barriers to accessing Distributed Energy Resource products without additional
18 financial or advisory support. These communities include, but are not limited to:
19 Black, Indigenous, and People of Color (BIPOC) communities, limited English
20 Proficiency communities, Named Communities as listed in the 2021 CEIP, low-
21 income households, and rural communities.

1 **Q. How will PSE reduce barriers to participation in the community and**
2 **customer engagement processes?**

3 A. PSE intends to take several steps to reduce barriers to participation in the
4 community and customer engagement processes to hear the expertise, stories, and
5 experiences of communities and customers. As mentioned previously, PSE
6 intends to conduct several of the community and customer engagement processes
7 in Spanish, which is the second most common language spoken within the PSE
8 service area. PSE plans to accommodate requests for in-person attendance at
9 community group meetings, will provide virtual engagements to reduce the time
10 commitment of engagements, will offer surveys to customers who would like to
11 provide feedback on their own schedule, will offer one-on-one conversations for
12 community members who cannot attend scheduled group engagements, will use
13 non-verbal response strategies in group engagements for customers who do not
14 feel comfortable or cannot share verbally, and will offer engagements in and
15 outside of normal business hours to accommodate varying customer schedules.
16 Finally, PSE will (i) compensate all participants in interviews, focus groups, and
17 workshops at a rate of \$50 per hour and (ii) provide a \$25 VISA gift card to each
18 customer who completes a survey.

1 **Q. How will PSE demonstrate to participants that their feedback is reflected in**
2 **final product design?**

3 A. The results of PSE’s community engagement will be aggregated into a final report
4 that will be shared with participants in a timely manner for their review and
5 comment. The community recommendations from the engagement process will be
6 incorporated to the maximum extent possible into tariff design. PSE will then
7 share the draft tariff(s) and a document that visualizes which community
8 recommendations were incorporated and how participants can review and
9 comment prior to tariff finalization.

10 **Q. Does PSE anticipate completing a final report on the community and**
11 **customer engagement process?**

12 A. Yes. PSE anticipates completion of a final report on community and customer
13 engagement feedback in the first half of 2023. PSE will provide a summary of this
14 work in its Biennial CEIP Update.

15 **Q. Will PSE offer opportunities beyond the scheduled community engagement**
16 **for participants to offer feedback during the subsequent regulatory**
17 **processes?**

18 A. Yes. To develop a transparent and continuous feedback loop, PSE will share notes
19 from engagements, the final community engagement report, draft tariffs, final
20 tariffs, and notification of program launch with each interview, focus group or

1 workshop participant. In each of these steps, PSE will request feedback from the
2 recipients on the documents being shared.

3 **Q. Has PSE engaged with the Equity Advisory Group regarding its community**
4 **and customer engagement and product development activities?**

5 A. Yes. PSE provided feedback on customer renewable energy programs, including
6 engagement and the process for new product development at the Equity Advisory
7 Group meeting held on October 17, 2022. PSE also used this engagement to
8 facilitate small group discussions with Equity Advisory Group members to gather
9 their input on barriers to accessing Distributed Energy Resources as well as which
10 stakeholders PSE should include in community and customer engagement efforts.

11 **Q. Does PSE anticipate additional engagement with the Equity Advisory Group**
12 **on Distributed Energy Resources in the future?**

13 A. Yes. PSE anticipates engaging with the Equity Advisory Group in late first
14 quarter of 2023. PSE plans to provide the Equity Advisory Group with a progress
15 update on product development, share feedback from the community and
16 customer engagement processes, and garner the Equity Advisory Group's input.

1 **Q. How does PSE respond to the recommendation of NWECA and Front and**
2 **Centered that PSE develop and implement a “DER Public Engagement**
3 **Pilot”⁴ and “community outreach plan”⁵?**

4 A. As outlined in this testimony above, PSE is committed to and will be conducting
5 robust engagement with customers in named communities to develop Distributed
6 Energy Resource product offerings that will reflect their priorities and needs. This
7 commitment is reflected in PSE’s public participation plan in the 2021 CEIP and
8 in the community and customer engagement approach that PSE employed to
9 develop its Transportation Electrification Plan. PSE believes the community and
10 customer engagement approach outlined in this testimony meets the intent of the
11 request from some of the parties for a Distributed Energy Resource Public
12 Engagement Pilot. PSE believes that the Commission should allow this customer
13 engagement work for its Distributed Energy Resource products to continue and
14 complete before it requires PSE to conduct an additional Distributed Energy
15 Resource Public Engagement Pilot.

⁴ McCloy, Exh. LCM-1T at 29:2.

⁵ McCloy, Exh. LCM-1T at 29:15.

1 **IV. DISTRIBUTED ENERGY RESOURCE PRODUCTS**

2 **A. Community Solar**

3 **Q. Is PSE’s Community Solar Project Service in operation?**

4 A. Yes, PSE’s Community Solar Project Services under electric service tariff
5 Schedule 134 is in operation.

6 **Q. How many sites are currently generating renewable energy under the**
7 **Community Solar Project Service?**

8 A. There are currently four sites in operation and generating energy:

- 9 • **Bonney Lake Community Solar** – The Bonney Lake
10 Community Solar site is installed on the roof of the Peaking
11 Storage Reservoir in Bonney Lake, Washington, and has a
12 nameplate capacity of 450 kWac. As of the date of this
13 testimony, only 34 shares of the total 308 shares remain
14 available for interested customers.

- 15 • **Kittitas Community Solar** – The Kittitas Community
16 Solar ground-mounted solar array is located in Ellensburg,
17 Washington. It features more than 13,000 solar panels and
18 has a nameplate capacity of 5 MWac. As of the date of this
19 testimony, this facility is fully subscribed, and PSE is
20 keeping a waiting list of interested potential customers.

- 21 • **Olympia High School Community Solar** – The Olympia
22 High School Community Solar array is located on the roof
23 of Olympia High School in Olympia, Washington, and has
24 a nameplate capacity of 200 kWac. As of the date of this
25 testimony, this facility is fully subscribed, and PSE is
26 keeping a waiting list of interested potential customers.

- 27 • **Pine Lake Community Solar** – The Pine Lake
28 Community Solar array is located on the roof of Pine Lake
29 Middle School in Sammamish, Washington, and has a

1 nameplate capacity of 175 kWac per year. As of the date of
2 this testimony, this facility is fully subscribed, and PSE is
3 keeping a waiting list of interested potential customers.

4 **Q. How many customers are currently taking service under the Community**
5 **Solar Project Services under electric service tariff schedule 134?**

6 A. As of October 31, 2022, there were a total of 2,223 customers enrolled in this
7 service taking 3,863 shares. As indicated above, all but the newest facility—
8 Bonney Lake Community Solar—is fully subscribed, and the Bonney Lake
9 Community Solar is nearing full subscription.

10 **Q. How many current shares under the Community Solar Project Services**
11 **under electric service tariff Schedule 134 are subscribed to by income-eligible**
12 **customers?**

13 A. As of October 31, 2022, there were 1,113 shares subscribed to income-eligible
14 customers, which is 29 percent of the total shares subscribed as of that date.

15 **Q. Does PSE’s Community Solar product help low-income and named**
16 **community customers overcome financial barriers to participating in the**
17 **program?**

18 A. Yes. One of the known financial barriers to enrolling in voluntary renewable
19 programs is the cost of participation, and electric Schedule 134 provides an
20 income-eligible option. Under this option, customers with household incomes
21 below 200 percent of the federal poverty level, adjusted for household size, are

1 able to enroll in the Community Solar product and receive benefits of solar share
2 at no charge. PSE created this option to help eligible customers access renewable
3 energy benefits without additional energy cost burden. This product feature is an
4 example of PSE’s efforts and intent to provide increased renewable energy
5 benefits to our most vulnerable customers.

6 **Q. What is the value of the benefit an income-eligible participating customer**
7 **might receive?**

8 A. The monthly rate for the Community Solar energy credit, as detailed in electric
9 service tariff Schedule 134, is \$0.044883 per kWh. The exact value of the benefit
10 for a participating income-eligible customer is dependent on the actual monthly
11 solar production of the specific solar site for which the customer has a
12 subscription.

13 **Q. Should PSE expand or enhance the income-eligible option criteria for its**
14 **Community Solar product?**

15 A. PSE welcomes the opportunity to work with the Commission and stakeholders to
16 establish appropriate eligibility criteria for income-eligible customers to enable
17 further scaling of the Community Solar project. PSE agrees with NWECA and
18 Front and Centered that “customers with low and limited incomes (households at
19 or below 200% of the federal poverty level, or at or below 80% of the local area
20 median income) ... spend a larger percentage of their income on energy bills.”⁶

⁶ Thuraisingham, Exh. MFT-1T at 8:23-9:2.

1 To help reduce this energy burden, PSE will commit to file a revision to
2 Schedule 134 to modify its income-eligible option criteria to include both
3 households at or below 200 percent of the federal poverty level as well as those at
4 or below 80 percent of the local area median income. Such a revision will
5 effectively increase the number of potential income-eligible customers who could
6 receive the benefits associated with PSE’s Community Solar program.

7 **Q. Should PSE assess the energy credit associated with its Community Solar**
8 **product to increase “appeal and accessibility for historically underserved**
9 **populations, such as low-income customers and named communities”?**⁷

10 A. Yes, PSE will commit to assess and file a proposed revision to Schedule 134, as
11 appropriate, to update the monthly rate for the Community Solar energy credit.
12 This update would apply to all subscribing participants, including income-eligible
13 participants.

14 **Q. Should the Commission require PSE to update the Community Solar target**
15 **in the 2023 Biennial Update to 50 MW by 2025?**

16 A. PSE understands the request by NWECA and Front and Centered to increase the
17 Community Solar product to 50 MW⁸ and is currently evaluating the most
18 appropriate size for the Community Solar product. PSE welcomes the opportunity
19 to work with the Commission and stakeholders to increase the target for the

⁷ Reeves, Exh. SR-1T at 42:1-2.

⁸ See Reeves, Exh. SR-1T at 35:9-41: 2.

1 Community Solar product, as part of achieving PSE's 80 MW DER sub target. If
2 such assessments determine that an increase in the target is reasonable, then PSE
3 would modify the target in the 2023 Biennial Update. An increase in the target
4 would also likely require a modification to electric service tariff Schedule 134,
5 which PSE would submit to the Commission separately for consideration.

6 **B. Residential Solar**

7 **Q. Why did PSE include solar residential solar roof-top leasing in the**
8 **2021 CEIP?**

9 A. PSE included the residential roof-top solar leasing concept in its preferred
10 portfolio as it would allow PSE to install distributed solar facilities within the
11 communities it serves and provide participating customers a benefit by paying
12 them an annual fee to allow PSE to install the roof-top solar on their property
13 through a lease agreement. PSE will utilize any feedback it gathers from the
14 community and customer engagement process discussed above to further inform
15 programmatic details in development of an associated electric service tariff
16 schedule.

1 **Q. Did PSE assess a rent-to-own solar program in the development of the**
2 **2021 CEIP?**

3 A. Yes. As mentioned in the testimony of NWECC and Front and Centered,⁹ PSE did
4 assess but did not include a rent-to-own solar program in the preferred portfolio of
5 the 2021 CEIP.

6 **Q. Why did PSE choose not to include a rent-to-own solar program in the**
7 **preferred portfolio of the 2021 CEIP?**

8 A. As noted in the 2021 CEIP, PSE did not include a rent-to-own solar program in
9 the preferred portfolio of the 2021 CEIP because it “had lower returns for
10 customers.”¹⁰ PSE will reevaluate a rent-to-own solar program in light of the
11 potential benefits suggested by NWECC and Front and Centered, including
12 increased property values for homeowners, available rebates/incentives/credits,
13 and the potential for deeper long-term savings over the life of the system.¹¹ PSE
14 will share the results of its reevaluation in the 2023 Biennial Update and, if
15 appropriate, consider including a rent-to-own solar program in PSE’s 2025 CEIP.

⁹ See Reeves, Exh. SR-1T at 47:6-48:7.

¹⁰ CEIP, Chapter 2, pg. 33

¹¹ See Reeves, Exh. SR-1T at 47:20-48:2 (citing a study by Sunrun suggesting an average increase in resale value between \$4,020 and \$5,911 for each 1 kilowatt of solar panels installed).

1 **C. Advisory Group**

2 **Q. What is PSE’s understanding of Commission Staff’s proposal with respect to**
3 **the Commission approving PSE’s Distributed Energy Resource sub-target?**

4 A. PSE understands that Commission Staff is conditioning its recommendation that
5 the Commission approve PSE’s proposed 80 MW Distributed Energy Resource
6 sub-target on PSE’s working with the Equity Advisory Group and one or more
7 new or existing advisory groups to develop a new or revised Distributed Energy
8 Resource selection process prior to the 2023 Biennial Update:

9 Staff recommends that the Commission approve PSE’s proposed
10 80 MW DER sub-target, on condition that: in time for the
11 2023 CEIP update, PSE must work with the equity advisory group
12 and an advisory group (either new or existing) with sufficient
13 expertise and interest to develop a new or revised DER selection
14 process that is (1) consistent with the distributed energy resources
15 planning process outlined in RCW 19.280.100, and (2) transparent,
16 technology neutral, and robust in its comparison of DER programs
17 considering cost and non-cost factors.¹²

18 **Q. Should the Commission condition approval of PSE’s proposed 80 MW**
19 **Distributed Energy Resource sub-target on PSE’s working with the Equity**
20 **Advisory Group and one or more new or existing advisory groups to develop**
21 **a new or revised Distributed Energy Resource selection process prior to the**
22 **2023 Biennial Update?**

23 A. PSE understands and appreciates the value of engaging with the Equity Advisory
24 Group and other potential advisory groups in the review of product concepts. PSE

¹² Nightingale, Exh. JBN-1T at 19:18-20:4.

1 generally supports the concept of engaging with the Equity Advisory Group and
2 other potential advisory groups such as the Conservation Resource Advisory
3 Group in the review of product concepts but does challenge the timing. PSE is
4 mindful of the work that must be undertaken to implement those products and
5 projects necessary to meet the targets in the 2021 CEIP while working through the
6 details of this recommendation. Rather than rush the process to meet an arbitrary
7 short-term deadline of finishing before the 2023 Biennial Update, PSE believes
8 that a better result would be for PSE to work with stakeholders to identify the
9 most appropriate advisory group for Distributed Energy Resource product
10 consultation and develop a final recommendation prior to filing the 2025 CEIP. In
11 short, PSE understands—and intends to implement—the recommendation of
12 Commission Staff but believes that the timeline suggested by Commission Staff is
13 unnecessarily aggressive and suggests that PSE work with the parties on
14 modifications of the advisory group process prior to filing the 2025 CEIP.

15 **V. APPLICATION OF DISTRIBUTIONAL EQUITY IN CUSTOMER**
16 **PRODUCTS**

17 **Q. How does PSE respond to Commission Staff’s criticisms that “PSE has not set**
18 **an income eligibility threshold for” some programs “designed for ‘income**
19 **eligible’ customers”?**¹³

20 A. PSE understands Commission Staff’s concerns regarding eligibility requirements
21 for programs designed for income eligible customers. As noted in the discussion

¹³ Nightingale, Exh. JBN-1T at 19:6-7.

1 regarding PSE’s Community Solar services, PSE would welcome the opportunity
2 to work with the Commission and stakeholders to establish appropriate eligibility
3 criteria for income-eligible customers that would be consistent across other PSE
4 rates and programs.

5 **Q. How does PSE respond to the recommendation of NWECA and Front and**
6 **Centered that PSE “include minimum participation goals to ensure named**
7 **community and low-income customer representation and access to the**
8 **benefits of these investments”?**¹⁴

9 A. As with Commission Staff’s recommendation that PSE establish consistent
10 eligibility requirements for programs designed for income eligible customers, PSE
11 is willing to apply a minimum percentage of spending designation to Distributed
12 Energy Resource products and services for inclusion in the Biennial CEIP Update.
13 One example of how PSE has developed such a mechanism can be found in its
14 work with the Commission and key stakeholders in the acknowledgement of its
15 Transportation Electrification Plan in Docket UE-210191 and approval of
16 subsequent Phase I electric service tariff filings in Docket UE-220294. Those
17 processes resulted in a commitment to target 30 percent of spend within each
18 transportation electrification integrated product and service to support equity-
19 focused customers. PSE believes that a similar process could result in similar
20 results in programs for the 2025 CEIP.

¹⁴ Reeves, Exh. SR-1T at 8:3-5.

1 **Q. How does PSE respond to the recommendation of NWEC and Front and**
2 **Centered that PSE use locational targeting to “optimize societal benefits,**
3 **such as resiliency, reliability, and environmental impacts, within specific,**
4 **local communities”?**¹⁵

5 A. PSE will leverage appropriate tools and analyses to determine if locational
6 targeting can, as suggested, optimize societal benefits, such as resiliency,
7 reliability, and environmental impacts, within specific, local communities.

8 For instance, PSE published, as part of its Distributed Energy Resource request
9 for proposal under Docket UE-210878, Exhibit K: Resources,¹⁶ which included
10 layers detailing information about hosting capacity and distribution substation
11 loading, as well as geographical representations of highly impacted communities
12 and vulnerable populations within PSE’s electric service territory. Such a tool
13 could be used to aid and inform optimizing societal benefits within specific, local
14 communities.

¹⁵ Reeves, Exh. SR-1T at 9:2-4.

¹⁶ Puget Sound Energy, Inc., “Procuring New Energy Supply,” available at
<https://www.pse.com/pages/energy-supply/acquiring-energy?srce=rfp>.

1 **Q. Does PSE agree with NWEC and Front and Centered’s statement that PSE**
2 **should consider Distributed Energy Resource programs where “customers in**
3 **named communities have access to increased control and/or ownership of the**
4 **energy benefits from renewable distributed generation resources”?**¹⁷

5 A. Yes. PSE agrees with the statement of NWEC and Front and Centered that PSE
6 should consider Distributed Energy Resource programs where customers in
7 named communities can have control and/or ownership of the energy benefits
8 from renewable distributed generation resources. In the Distributed Energy
9 Resources Products section above, I detailed how PSE’s existing electric service
10 tariff Schedule 134 currently provides such increased control and/or ownership of
11 the energy benefits to subscribing customers.

12 **Q. Should the Commission direct PSE to invest “in DER programs targeted to**
13 **named communities that result in community ownership and control,**
14 **including community solar, multi-family solar, and solar plus storage**
15 **programs” as suggested by NWEC and Front and Centered?**¹⁸

16 A. The question of community ownership and control of Distributed Energy
17 Resources will be a key topic discussed in PSE’s community and customer
18 engagement, including getting clarity on the definition of and appropriate
19 application of control. PSE will leverage the information provided by community

¹⁷ McCloy, Exh. LCM-1T at 20:4-6

¹⁸ Thuraisingham, Exh. MFT-1T at 16:2-4.

1 groups and customers from those engagements to inform final product design and
2 development.

3 **VI. CONCLUSION**

4 **Q. Does that conclude your prefiled rebuttal testimony?**

5 **A. Yes, it does.**