



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734

pse.com

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Kathy Hunter, Acting Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**RE: Advice No. 2023-47
Puget Sound Energy’s Electric Tariff Revision**

Dear Executive Director Hunter:

Puget Sound Energy (“PSE”) hereby submits proposed revisions to the WN-60, tariff for electric service under new electric Schedule 611 and Schedule 667. This tariff filing pursuant to RCW 80.28.060 and WAC 480-80-101 and -105, includes the following electric tariff sheets:

| | | |
|----------|-----------------|---|
| Original | Sheet No. 611 | Residential Battery Energy Storage System Services |
| Original | Sheet No. 611-A | Residential Battery Energy Storage System Services (Continued) |
| Original | Sheet No. 611-B | Residential Battery Energy Storage System Services (Continued) |
| Original | Sheet No. 611-C | Residential Battery Energy Storage System Services (Continued) |
| Original | Sheet No. 667 | Purchases from Distributed Solar Photovoltaic Systems |
| Original | Sheet No. 667-A | Purchases from Distributed Solar Photovoltaic Systems (Continued) |
| Original | Sheet No. 667-B | Purchases from Distributed Solar Photovoltaic Systems (Continued) |
| Original | Sheet No. 667-C | Purchases from Distributed Solar Photovoltaic Systems (Continued) |
| Original | Sheet No. 667-D | Purchases from Distributed Solar Photovoltaic Systems (Continued) |

The purpose of this tariff filing is to propose two new electric services:

- Schedule 611 Residential Battery Energy Storage System Services, and
- Schedule 667 Purchases from Distributed Solar Photovoltaic Systems.

These two new tariff schedules represent the first phase of programs in PSE’s Distributed Energy Resources (“DER”) portfolio in accordance with PSE’s Clean Energy Implementation Plan (“CEIP”) that was approved by the Washington Utilities and Transportation Commission (“Commission”) in Final Order 08 Approving CEIP Subject to Conditions of Docket UE-210795 on June 6, 2023. The concepts for these new tariff services were introduced in PSE’s initial CEIP filing on October 15, 2021, attached as Appendix D, DER Suite Selection and Evaluation.

The proposed new Schedules 611 and 667 are designed to contribute to PSE’s CETA goals by partnering with customers to reduce load with carbon free energy and allows PSE to purchase the excess renewable resource capacity and renewable energy generated by a customer-owned Battery Energy Storage System (“BESS”) or Solar Photovoltaic System. These Schedules offer new optional service as part of PSE’s efforts to expand carbon free resources, reduce barriers for customer owned distributed solar photovoltaic and battery systems, and ensure named communities have access to energy that is affordable, safe, and sustainable. PSE proposes the two new tariff services after working with interested parties and prospective customers to help ensure that these two tariff services would promote equity.

Schedule 611 Residential Battery Energy Storage System Services Tariff Schedule Details

Schedule 611 makes available several types of incentives to customers who enroll a qualifying BESS and allow PSE to access their battery during peak energy times, when there is the greatest energy demand. Participants contribute to peak demand reduction resulting in lower energy rates for everyone. In exchange, participating customers will receive load management incentives (both participation and enrollment).

PSE will also provide a limited quantity of BESS purchase incentives to reduce the upfront cost of installing a BESS based on whether the customer can be identified as a Vulnerable Population or a Reliability-Focused Customer as defined in the tariff schedule and through verification during the application process. BESS purchase incentives will be exclusively offered to Vulnerable Populations and Reliability-focused Customers taking service under this tariff schedule. The available incentives are shown in Table 1.

Table 1. Incentive type, by availability.

| INCENTIVE TYPE | | AVAILABILITY |
|----------------------------|--------------------------------|--|
| Load management incentives | One-time Enrollment incentive | All qualified customers |
| | Annual Participation incentive | All qualified customers |
| BESS purchase incentive | | exclusively offered to vulnerable population customers and reliability-focused customers |

PSE has implemented several design components in this tariff filing to address the specific conditions stipulated in Final Order 08 and to further support Vulnerable Populations and incorporate the findings by the equity-focused community engagement (see *Equity-focused Community Engagement*). These design details are summarized in Table 2.

Table 2. Design components in this tariff in relation to the CEIP orders.

| CEIP ORDER | DESIGN COMPONENT IN THIS TARIFF FILING | COMMUNITY ENGAGEMENT INPUT |
|-----------------------------------|---|--|
| Condition 21. DER Program Design. | <i>“developing targeting for Named Communities beyond using income as the sole criterion for program eligibility;</i> | <ul style="list-style-type: none"> • Upfront costs were consistently highlighted as the largest barrier to adoption; customers preferred upfront incentives and programs with low to no initial cost • Participants highlighted the importance of energy independence and community or personal energy resilience • Benefits should be available to all communities, including historically disadvantaged communities that have been left out of programs like these in the past. |
| | <i>“offering higher incentives for low-income customers and Named Communities;”</i> | |
| | <i>“and targeting storage programs to Vulnerable Populations where increased reliability would reduce vulnerabilities.”</i> | |

Schedule 667 Purchases from Distributed Solar Photovoltaic Systems Tariff Schedule Details
 Service under this new optional Schedule 667 makes voluntary distributed solar energy compensation available to Solar Systems above the 100 kW-AC net metering threshold. The distributed solar energy credit aligns with the value of DER solar within PSE’s 2023 Integrated Resource Plan Progress Report, which was filed with the Commission on March 31, 2023¹ and the source methodology for the new updated Community Solar Energy Credit².

PSE will also provide a limited quantity of incentives to reduce the upfront cost of installing a solar system and the associated interconnection costs. This benefit is exclusively for Equity-Focused Customers, taking service under this schedule, as defined in the tariff schedule and through verification during the application process. The available benefits are shown in Table 3.

Table 3. Benefit type, by availability.

| BENEFIT TYPE | AVAILABILITY |
|---|------------------------------------|
| Solar Energy Credit | All Qualified Customers |
| Interconnection Allowance and Upfront Incentive | Qualified Equity-Focused Customers |

Interested Party Feedback

PSE would like to thank the interested parties who have provided comments, questions, and their experience to the development of this tariff filing. Those groups were comprised of representatives from highly impacted communities, Vulnerable Populations, and their service providers, as well as the Conservation Resources Advisory Group (“CRAG”), the Equity

¹ Docket UE-200304 Puget Sound Energy’s 2023 Electric Integrated Resource Plan Progress Report

² Docket UE-230660 Allowed to become effective per the 09/28/2023 Open Meeting No Action Agenda

Advisory Group (“EAG”)³, and contractors and installers. The following sections detail those engagements and how PSE incorporated the input from these groups to help inform this tariff filing.

Equity-focused Community Engagement

PSE is increasing procedural equity in its product design by giving Named Communities and their service providers a seat at the design table. From September 2022 through May 2023, PSE conducted community engagement on future DER products, including batteries⁴.

The Company engaged over 250 low-income residents and over 40 agencies, municipalities, organizations, and tribal entities who serve those aforementioned residents in 1:1 interviews, focus groups, workshops, and surveys to hear from them directly about the benefits and barriers customers may face when it comes to battery products, and how future product design can alleviate these barriers and maximize the desired benefits. The Company heard the following themes of feedback:

- **Cost.** Upfront costs associated with asset procurement and installation, along with the ongoing cost of maintenance, were consistently highlighted as a key barrier. There was a clear ask for financial incentives that substantially offset or entirely remove the financial costs customers may encounter when participating in battery products or distributed solar energy compensation. Participants also preferred these incentives to be applied instantly so that customers do not need to manage lengthy rebate processes that exacerbate their cash flow issues.
- **Installation and maintenance support.** The installation and maintenance associated with battery implementation can feel daunting to customers. To facilitate adoption, PSE will need to be prepared with tailored, holistic, and hands-on installation and maintenance support for the customers who request it.
- **PSE-owned and customer-owned options.** Engagement participants differed on their preference for renting versus owning assets, like batteries. Those who preferred PSE-owned options articulated an inability to afford the associated equipment, installation, and maintenance costs. Those who preferred customer-owned options typically valued the autonomy and control of ownership.
- **Strong motivation to participate.** While certain DERs are a better fit for some customers, across all engagements, participants indicated a strong interest in participating

³ Condition 8 to Final Order 08 – PSE must work with the equity advisory group and an advisory group (either new or existing) with sufficient expertise and interest to develop a new or revised DER selection process that is 1) consistent with the distributed energy resources planning process outlined in RCW 19.280.100, and 2) transparent, technology neutral, and robust in its comparison of DER programs considering cost and non-cost factors.

⁴ Condition 21 to Final Order 08 – DER Program Design. To implement the 30% energy benefit minimum designations for Named Communities discussed above, PSE will develop mechanisms for intentionally serving customers in Named Communities in each of its individual DER programs, including carve-outs for program costs (including outreach/education) and minimum participation thresholds. PSE will also modify its program design for solar and storage DER programs to better ensure benefits flow to Named Communities, including by developing targeting for Named Communities beyond using income as the sole criterion for program eligibility; offering higher incentives for low-income customers and Named Communities; ensuring benefits flow to tenants in affordable multifamily housing; and targeting storage programs to Vulnerable Populations where increased reliability would reduce vulnerabilities.

in future DER products. Participants highlighted the importance of energy independence, community or personal energy resilience, and reduction in energy bills as the benefits that will most motivate them to participate in DER products.

- **Education and outreach.** While participants expressed a strong motivation to participate in DERs, there are many education and outreach gaps left to fill. The existing knowledge gap often translates into skepticism about whether DERs can deliver on the promised benefits. Participants wanted foundational questions about costs, environmental impacts, and community benefits answered to help them make informed decisions about product participation. Participants suggested PSE partner with Community Based Organizations and utilize their deep, existing community relationships to educate customers.

PSE is committed to using the community engagement outcomes to shape these tariff designs and planned product operations for named communities and their service providers, where possible. Schedules 611 and 667 include financial incentives to offset the upfront costs and installation and maintenance support for Vulnerable Populations, including those with lower income, those who live in historically disadvantaged communities and those who have a high number of power outages or with a greater need for backup power (e.g., medical needs, heating or cooling for the elderly), as requested throughout the community engagement process. Concurrent with this filing, community engagement participants will be notified so that they will have the opportunity to offer public comments. Community engagement participants will be notified when the products they helped design are available to customers so they can apply themselves or make other eligible customers in their communities aware of this offering. The same methodology will apply to future DER products that PSE develops.

Equity Advisory Group (“EAG”) Engagement

PSE’s engagement with the EAG on the topic of the tariff schedules included in this filing have been comprised of:

- Presentation and discussion of the Company’s existing renewable energy products and services and product development roadmap for DER programs at an EAG meeting on October 17, 2022; and
- Presentation and discussion of PSE’s community engagement plan (see *Equity-focused Community Engagement*) and details on the proposed Solar Purchase and Battery Storage product development process at an EAG meeting on June 12, 2023.

Conservation Resources Advisory Group (“CRAG”) Engagement

PSE’s engagement with the CRAG on the topic of the tariff schedules included in this filing have been comprised of:

- Presentation and discussion of PSE’s DER Phase I DER tariff filing strategy and regulatory timelines, PSE’s community engagement plan (see *Equity-focused Community Engagement*), and initial product and design concepts at a CRAG meeting on June 7, 2023;
- Presentation and discussion of updates to PSE’s Phase I tariff filing strategy and regulatory timelines, and more detailed product design concepts at a CRAG meeting on July 26, 2023;

- Distribution and preview of the draft tariff schedules pertaining to this filing to the CRAG via electronic mail on August 15, 2023 for a 30-day review and comment period concluding on September 15, 2023;
- Reminder of the draft tariff filing timeline to the CRAG at a CRAG meeting on August 30, 2023; and
- Receipt by PSE of comments from the CRAG on the draft Schedule 611 by September 15, 2023

As shown in the above timeline, CRAG members were given the opportunity to provide feedback on the initial product offerings and design concepts beginning July 26th, 2023, and to review the draft tariff sheets beginning August 15, 2023. PSE received written comments regarding the draft tariff schedules from one CRAG member and from Commission Staff. PSE has included as an attachment to this filing a summary of the comments received from CRAG members that contains a response from PSE for each item raised by each commenter, as well as an indication of whether the comment prompted revisions to the draft tariff schedules.

Contractors and Installers

PSE's engagement with contractors and installers on the topic of the tariff schedules included in this filing, has included:

- Meetings and phone calls with renewable energy installers to discuss questions and comments on the proposed product and design concept; and
- Presentation of PSE's proposed product and design concept at a Washington Solar Energy Industries Association ("WASIA") lunch and learn on September 26, 2023.

Cost Recovery

The costs for the implementation of these proposed new electric service schedules will be recovered through the Commission-approved Schedule 141CEI Clean Energy Implementation Tracker⁵.

Reporting

PSE made the commitment to provide regular reporting in PSE's CEIP. These reports will include 1) Descriptions of quantitative (i.e., cost based) and qualitative (e.g., equity considerations) analyses that support interim targets to comply with the CETA 2030 and 2045 clean energy standards⁶; and 2) Quantitative and qualitative risk analysis, if risk is used to justify deviating from the lowest reasonable cost solution that complies with CETA⁷.

Conclusion

As detailed in PSE's CEIP, the Company is committed to creating a cleaner energy future as we proactively work to do our part to support Washington's clean energy goals. PSE believes these new electric tariff schedules are a significant step toward meeting that objective and will help to accelerate clean energy goals in Washington State, deliver benefits to all customers, and alleviate

⁵ Docket UE-230591, allowed to go into effect as filed by the Commission on August 24, 2023

⁶ Condition 1 to Final Order 08

⁷ Condition 2 to Final Order 08

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October 6, 2023

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barriers and maximize the desired benefit for its Equity-Focused Customers. The Company thanks the Commission, its customers, and valued interested parties for their support as PSE takes the next steps in executing on the strategies laid out in its CEIP.

The tariff sheets described herein reflect an issue date of October 6, 2023, and effective date of November 10, 2023. Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being completed through web, telephone and mail access in accordance with WAC 480-100-193.

Please contact Veronica Martin at veronica.martin@pse.com for additional information about this filing. If you have any other questions, please contact me at (425) 462-3946.

Sincerely,

/s/ Birud D. Jhaveri

Birud D. Jhaveri
Director, Regulatory Affairs
Puget Sound Energy
PO Box 97034, BEL10W
Bellevue, WA 98009-9734
425-462-3946
Birud.Jhaveri@pse.com

cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments: Electric Tariff Sheets (listed above)
CRAG Comment Response Matrix
DER Community Engagement Summary