UE-210795

NW Energy Coalition

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March 2, 2022

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission 621 Woodland Square Loop SE
Lacey, WA 98503

Re: NW Energy Coalition's Comments on Puget Sound Energy's Final Clean Energy Implementation Plan (Docket UE-210795)

Dear Ms. Maxwell:

The NW Energy Coalition (NWEC) appreciates the opportunity to provide comments on Puget Sound Energy's Final Clean Energy Implementation Plan (CEIP). The Coalition is a public interest nonprofit that focuses on clean energy issues in the Northwest. As an alliance of more than 100 organizations, the Coalition's work focuses on energy efficiency, renewable energy, fish and wildlife preservation and restoration in the Columbia basin, low-income and consumer protections, and informed public involvement in building a clean and affordable energy future.

In addition to these comments, we have filed comments on the Draft CEIP in this docket on November 1, 2021, and filed multiple comments on PSE's 2021 Integrated Resource Plan (Dockets UE-200304/UG-200305). NWEC staff and members also participated in meetings concerning the CEIP with PSE's IRP Technical Advisory Group, Conservation Resources Advisory Group, and Low-income Advisory Group. We joined with the Public Counsel Unit of the Attorney General's Office, The Energy Project, and Front and Centered in submitting a Joint Proposal on Customer Benefit Indicators. That proposal was originally filed on July 30th, 2021 in Docket UE-210297 (PSE's Public Participation Plan), and refiled in this docket on November 5th, 2021. These comments are in addition to comments we have already submitted, and to the feedback provided by NWEC staff at previous public meetings.

We appreciate the continuing work of PSE staff and especially the involvement of the members of PSE's Equity Advisory Group (EAG), Integrated Resource Plan Technical Advisory Group (IRPTAG), Low Income Advisory Group (LIAG) and Conservation Resources Advisory Group (CRAG), who have committed a significant amount of time and effort into reviewing and evaluating the CEIP over the past several months. **We support the general direction that PSE is taking in its CEIP.** We are pleased to see that PSE's CEIP incorporates significant utility-scale renewables, representing 63 percent of PSE's load service obligation. This is a significant leap forward from today, and if implemented, would be the most significant mobilization of clean energy that PSE has ever pursued. We are also encouraged by PSE's first attempt at adopting meaningful customer benefit indicators (CBIs) to guide the implementation of the CEIP. And, we are excited to see PSE embrace customer-side distributed energy resources (DERs) as part of its CETA compliance strategy – we hope PSE will continue to pursue these opportunities as more information becomes available from bidders on its All-Source and DER/DR Requests for Proposals (RFPs).

However, we believe that too many questions remain unanswered about the resource costs, prioritization, and specific actions for the Commission to approve the CEIP as filed. In part, our concern is driven by the lack of alignment between the planning, procurement, and ratemaking processes. In order for the Commission to approve the CEIP as requested by PSE, we believe the following must be true:

The CEIP development should have been better aligned with the multi-year rate plan filed on January 31st. RCW 80.28.425 directs the commission to "*align, to the extent practical, the timing of approval of a multiyear rate plan of an electrical company submitted pursuant to this section with the clean energy implementation plan of the electrical company filed pursuant to RCW 19.405.060.*" (RCW 80.28.425(9)) While we are still reviewing PSE multi-year rate plan filing, we do not believe that it contains more information about the specific actions than the Final CEIP. While the statutory language is not prescriptive about what it means to "align… the timing of approval", we do not think the process was well-aligned in the case of PSE's CEIP, its multi-year rate plan filing, and its RFPs.

The costs of specific actions should be known and measurable. We note that there are a variety of opinions about the purpose of the CEIP and what it means to "approve" it. Our position is that the CEIP is a critical tool that moves the Commission toward a more forward-looking ratemaking orientation, as contemplated by the Commission in its used and useful policy statement. In that statement, which was adopted as a result of the amendments to RCW 80.04.250 in CETA, the Commission stopped short of full preapproval of costs, and instead offered a two-step process whereby provisional costs can be included in rates, subject to true-up after the fact. In order for this to apply to investments included in a utility's CEIP, and, in order for the CEIP to meaningfully contribute to the Commission's implementation of its policy statement, the targets must be based on specific actions that are known and measurable, and meet the standard for provisional pro forma adjustment in a general rate case:

> "The threshold for including provisional pro forma adjustments will be determined on a case-by-case basis according to the specifications of the rate-effective period investment. *For example, there is a greater degree of certainty that an investment is known and measurable if it is part of an approved Clean Energy Implementation Plan*…" (U-190531, paragraph 35)

The CEIP must be informed by the results of a recent RFP. RFPs are critical for understanding resource availability, assessing market feasibility, and finding lowest reasonable cost solutions that will best serve the needs of customers. Since CETA became law in 2019, we have consistently urged the Commission and PSE not to delay the planning and procurement processes in order to ensure that the Commission would have the information it needs to approve the CEIP. We raised concerns about the cancellation of the 2019 IRP and the 2020 RFP, and the extensions provided to PSE for its 2021 IRP and CEIP. Every time these processes were delayed or extended, the opportunity for PSE to submit a robust, vetted, and approvable CEIP by Jan. 1, 2022 became more and more remote. Now, PSE has put the Commission in an impossible position, in which it asks the Commission to approve targets based on inadequate and likely inaccurate cost information in the CEIP, while simultaneously seeking a significant increase in customer rates without offering a clear set of specific actions.[1]

As a result, we unfortunately have to recommend that the Commission not approve the CEIP at this time. We defer to the Commission's discretion on the procedural options for action on an incomplete

[1] PSE filed a General Rate Case including a request for a 3-year rate plan with the Commission on January 31, 2022 in Dockets UE-220066 / UG-220067. This request includes costs associated with implementation of the CEIP.

filing. We suggest that the Commission either: (1) suspend the CEIP for adjudication (WAC 480-100-645(2)), or (2) reject it. In either case, the Commission should require PSE to resubmit the CEIP after the results of the combined RFPs are incorporated in the third quarter of 2022. Once preliminary costs are available, the CBI evaluation should be completed to select specific actions, and the CEIP resubmitted for Commission and stakeholder review, including submission into docket UE-200066. Assuming no further delays, this could enable the Commission to approve PSE's CEIP (and rate relief to implement it) by the fourth quarter of 2022. Although this will be nearly three and half years after CETA became law, it is better than conditional approval now, which would not provide an incentive to address remaining issues in a timely manner, and would likely delay many actions until after the 2023 CEIP update.

Background and context

This CEIP is the first step towards achieving an efficient, equitable transition to a 100% clean electricity system. CETA fundamentally changes electric system planning and investment by establishing clear standards and priority resources; utilities must plan to reduce loads and peaks as much as possible, and then intentionally acquire the necessary conservation, demand response and renewable/non-emitting resources to serve 100 percent of retail needs by 2030 (with alternative compliance options for up to 20 percent), and then 100 percent by 2045. As such, CETA's standards are now driving utilities to plan for a fundamentally different system than the system they operate today.[2]

The comments we submitted on PSE's Draft CEIP were intended to improve the Final CEIP and help it meet the intent, as well as the letter, of CETA. We continue to advocate that the CEIP should be a concise, succinct, transparent document that details the interim targets, specific targets and the *specific actions* the utility will undertake in the next four-year period to attain its specific targets. We maintain that the CEIP should be easily understandable by the reader, avoid unnecessary cross-references to other documents, and clearly present explanations of the effects that a utility's specific actions will have on communities, customers, and the electric system. Ideally, these specific actions would be informed by preliminary costs obtained through the RFP process so that the costs are known and measurable. If preliminary costs are unavailable, as they are in this case, then the CEIP can propose targets based on reasonable projected costs. But, this makes it very difficult for the Commission and stakeholders to assess the appropriateness of the current targets. Since the Final CEIP must be approved, rejected, or approved with conditions by the Commission, we believe the best course of action would be for the RFP process to proceed concurrently with the CEIP so that the CEIP can be informed by the preliminary costs obtained through the RFP process. There is still time to remedy this in this round, by requiring that PSE incorporate its combined RFP results into its CEIP and resubmit it.

A. Review of Key Issues

NWEC recommended significant changes to the Draft CEIP, and we appreciate that PSE did incorporate some of our recommendations, in ways that do improve the plan. However, many of the concerns we expressed about the overall structure and content of Draft CEIP remain.

1. The delay in PSE's RFP process has hindered the CEIP, calling into question the assumptions used in PSE's modeling, and its CETA targets. Ideally, an All-Source RFP would have been issued early in the IRP process, so that more current cost assumptions could have been used in modeling, leading to better

[2] See our previous comments submitted in this docket and Docket UE-210183 for further explanation of the resource prioritization provision in RCW 19.405.040(6)(ii) and (iii).

informed resource potentials for renewables, demand response, and DERs. **However, because the results of PSE's All-Source and DER RFPs were not available for the development of the CEIP, PSE asks the Commission to approve $450 million in generic expenditures, rather than specific actions and programs.** It also asks the Commission to deem prudent expenditures for DERs and DER enabling investments that have yet to be selected.[3] We don't think this is what is intended by CETA's CEIP provisions or the Commission's "used and useful" policy statement. We urge the Commission not to make a prudency or cost recovery determination, and not to approve the CEIP until PSE presents the results of its RFPs, and updates the cost assumptions in its modeling accordingly.

2. We remain concerned about PSE's approach to using the two percent rate impact cap as a planning constraint.[4] The "compliance cost" rate impact cap in CETA was added to the legislation to ensure customer protection from large annual rate increases. This provision was intended as a "pressure relief valve" or "off-ramp", in case the impacts on rates associated with compliance with the standard proved to be higher than what the Legislature considered appropriate. However, this provision was never intended to be used as a target, or otherwise incorporated into the utility's plans as "guidance" in any way. And, it certainly wasn't meant to support a request for an automatic two percent rate increase. Unfortunately, this is the approach PSE takes in the Final CEIP. If the Commission is unsure about the intent of this section, we urge it to consult the Legislative record.

3. We continue to advocate that changes to PSE's underlying modeling in its IRP are necessary to support a lowest reasonable cost portfolio of CETA specific actions. Since the Commission did not acknowledge PSE's IRP, issues with the IRP have carried over into the CEIP. While several material mistakes in PSE's assumptions were revealed through the public process to date, we anticipate that more vetting of both public and confidential information by experts could reveal other issues with the modeling and assumptions in PSE's IRP, and subsequently, its CEIP. We are troubled by PSE's suggestion that stakeholders are attempting to "relitigate" the IRP; when in fact, stakeholders are simply continuing to raise issues that were never addressed by the Commission in the IRP, and are currently before the Commission in the CEIP. Importantly, CETA's statutory language does not suggest that either the specific targets or specific actions required in the CEIP must be limited by the preferred portfolio selected by the utility in its IRP, or any other scenario or assumption modelled in its IRP.[5] While a CEIP is "informed by" the 10-year CEAP, and specific actions are "consistent with" the utility's IRP, the Final CEIP should reflect the most current data and critical information, regardless of what data sources were used in the IRP.

4. We feel that PSE has put the Commission in an impossible position, in which it asks the Commission to approve targets based on generic information in the CEIP, while simultaneously seeking a significant increase in customer rates to implement them. The Commission could approve the interim targets, without considering prudency and require that the specific actions and all information, as required by WAC 480-100-640, be provided by the start of the fourth quarter of 2022, after the results of the RFPs are known. However, by this point, PSE's General Rate Case, in which the company has

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[3] (page 28 - *As such, PSE seeks WUTC approval that our investment in DERs and the DER enabling costs associated with these investments is reasonable and prudent at the level proposed in this plan*).
[4] RCW 19.405.060(3)(a) establishes that "…*if, over a four-year compliance period, the <u>average annual</u> <u>incremental cost of meeting CETA standards or interim targets</u> equals a two percent increase in the weather adjusted sale revenue to customers above the previous year*", then "*an investor-owned utility must be <u>considered to be in compliance</u> with the requirements of CETA*" (emphasis added).
[5] See October 8, 2021 Memorandum to Lauren McCloy and Joni Bosh from Molly Tack-Hooper and Amanda Goodin, filed in this docket on November 12, 2021.

proposed a multi-year rate plan including costs to implement the CEIP, will be well underway. The Parties to that proceeding may not have time to adequately review specific actions for prudency. This unfortunate misalignment of the timing between planning, procurement, and rate recovery could have been avoided. We encourage the Commission to exercise more oversight over the timing and integration of these activities in the future – potentially requiring that CEIPs be based on data obtained from utility RFPs that are less than one year old where that information is available. In this instance, we recommend that the Commission not approve the CEIP until the RFP results have been incorporated. We defer to the Commission's discretion on its procedural options for dealing with an incomplete filing. We suggest that this would require the Commission to suspend the docket and set the matter for hearing at a date after the RFP results will be available. Alternatively, the Commission could reject the filing on the basis of it being incomplete, and require it to be resubmitted after the combined RFP results are incorporated.

5. We continue to have concerns about the accessibility and readability of the document. The CEIP should be a broadly accessible document which clearly conveys how the utility plans to comply with CETA with as much specificity as possible to make it informative to the general reader, and useful for stakeholders and the Commission. We recommend that all pertinent specific details be presented as clearly and concisely as possible in the CEIP, not spread through a number of documents in multiple dockets. We offer the following illustration of NWEC staff's reader experience trying to ascertain what specific EE programs PSE plans to implement to comply with CETA:

> The section on energy efficiency of the revised Appendix L: Programs and Actions Master Table offers no detail about specific programs, though the Draft CEIP version of Appendix L contained a footnote that stated conservation "updates" would be provided in the Final CEIP. The reason for this was that the Biennial Conservation Proposal (BCP) was filed the same day as the Draft CEIP. Revised Appendix L refers stakeholders to Appendix B which simply refers to Docket UE-210822. Docket UE-210822 is for the BCP and contains multiple documents. Among the filed documents in Docket UE-210822, Exhibit 1 includes *specific* conservation program and actions that will be undertaken in the next two years, with projected savings and costs information, in tabs labeled "Portfolio - 2022-2023" and "two-year sector view Electric". These detailed tables, which are regularly reviewed by the Conservation Resources Advisory Committee (CRAG), could have been included in the body of the CEIP and used as the basic "framework" for the tabular summary of Appendix L. Instead, the reader must follow citations leading to appendices that ultimately point them to spreadsheets filed in another docket.

This is just one example of the challenges with reading the Final CEIP. There remains significant room for improvement in the document's readability.

B. Detailed comments on specific issues.

We address in more detail below our remaining concerns on specific project information and costs, portfolio modeling and selection, and application of Customer Benefit Indicators (CBIs):

1. Specific Project Information and Costs

While PSE's CEIP contains the tables and narratives required by rule concerning specific projects and costs, we are disappointed that the information they contain is not more useful to stakeholders or the Commission at this time. Without making specific choices, PSE has relied on generic costs for generic types of projects. While this may be sufficient for the early stages of planning, we believe that the complete and Final CEIP should be based on *specific actions* and program selections. Many of the generic costs in PSE's CEIP remain out of date, which affects the selection of resources for the preferred portfolio. The following example illustrates why it is so important to insist that the companies use current resource costs in planning:

> We noted in our comments on the Draft CEIP that the variable and fixed transmission costs that PSE used in its IRP appeared to be incorrect – **thirty times higher than they should have been** - and that resource costs for renewables were unreasonably high. PSE checked and found that the transmission costs were indeed incorrect (page 30, Final CEIP). We note that PSE corrected the variable transmission costs from $9.53 to $0.27 in its Final CEIP, and also replaced its generic utility scale resource costs with the National Renewable Energy Lab's (NREL's) 2021 Annual Technology Baseline (ATB) costs, as we requested. These changes resulted in both a higher interim target (63%, rather than 57%) and a higher specific MW target for utility scale renewable energy (RE) resources in the Final CEIP.

While we are relieved to see this correction made, we are disappointed that the update was provided only to utility-scale resources under the 2% rate impact cap - again applying an artificial planning constraint that distorts the results of this correction. We also requested that PSE rerun the entire preferred portfolio, the No-CETA portfolio, and Scenarios I and J (applying the Social Cost of Greenhouse Gases to dispatch), with updated resource and transmission costs. Neither the preferred portfolio nor the other portfolios were rerun with updated data, making PSE's analysis for this CEIP incomplete. If these scenarios had been rerun, it's likely that more clean resources would have been selected in the non-CETA scenario, reducing the incremental cost and increasing PSE's targets while still remaining under 2% projected incremental cost.

2. Generation Resources

Appendix L: Programs and Actions Master Table shows 400 MW of RE will be acquired in both 2024 and 2025. The CEIP narrative identifies 500 MW of wind, 300 MW of solar and 50MW of storage. We appreciate PSE's response to stakeholders' requests to acquire more renewables sooner rather than later, and to provide more DER possibilities for highly impacted and vulnerable communities. However, since specific actions and projects and supporting information are still missing for generation resources; it is impossible to tell whether PSE has selected the right balance of generation and demand-side resources until specific actions are selected from the responses to the All-source RFP and compared to the DER/DR RFP. It is not clear to us how much of the incremental generation portfolio costs of $114.45M is attributable to utility scale renewables or DERs. (Appendix E-2, tab 3)

3. Distributed Energy Resources (DERs)

We are excited to see PSE make a commitment to invest in DERs. We have been advocating for PSE to seriously consider DERs for many years, and this is the first time PSE has shown this much interest in supporting customer-side generation. While CETA directly prioritizes energy efficiency and demand response, it also provides a pathway to supporting customer-side generation through the equitable distribution of benefits and the planning process. While DERs are often less cost-effective than utility-scale resources on an energy basis, we believe that they are part of a well-balanced lowest reasonable cost portfolio for implementing CETA.

In all cases, it is in customers' best interests to find out what are the best prices for all possible options. The costs for DER programs can best be determined by the market through a non-restrictive RFP for DER resources, which PSE has done by issuing its DER/DR RFP.[6] Despite not receiving the results of that RFP yet, PSE's CEIP sub-targets for DERs are relatively small (80MW for distributed solar and 25MW for distributed batteries), and the projected financial impact can be inferred to be quite large, based on the costs and market potential provided by Black and Veatch for 23 DER "concepts". These are itemized in Appendix K: BV Cost Report. Some of the prices per watt Black and Veatch estimated for some DER options seem quite high (Table 2-13, CEIP, Page 39) – for example, $18.42 per watt for residential rooftop solar leasing is about six to seven times higher than the average price per watt referenced in other publicly available data sources.[7]

We believe that the record would benefit from more scrutiny of these price and market potential assumptions. We would also prefer that the CEIP include specific actions in the form of programs rather than "concepts", in order to comply with WAC 480-100-640 (5) and (6). Despite these shortcomings, we remain supportive of PSE continuing to further refine the DER offerings.

4. DER Enabling and Grid Modernization

We are troubled by PSE's allocation of nearly all software/hardware and grid modernization costs to CETA's incremental cost calculation. In total, this amounts to $55,150,180 in *incremental costs*, per Tab 7. Incremental Costs of Appendix E-2: Incremental Cost Calculations. We believe that nearly all of the activities listed are investments that a modern utility operating in the 21st century could reasonably make to provide their customers efficient and adequate service – not necessarily entirely attributable to CETA. Many of the proposed actions will, in fact, create a more efficient, less expensive system for PSE to operate. These costs should be further evaluated, and should also be included in a No-CETA base case for the purpose of calculating the incremental cost of CETA.

5. Demand Response

CETA requires utilities to adopt a Demand Response (DR) target. PSE includes six DR programs in Appendix L, with the total amount of each program's estimated MWh savings and an estimated four-year incremental cost of $4.08 million based on generic DR program costs. Similar to the rest of the CEIP resource selections, the actual costs, locations, and other required analyses of impacts on vulnerable and highly impacted communities cannot be completed until the RFP results are finalized. While PSE intends to incorporate the actions and resources selected from the RFP and update the costs in the 2023 progress report and the biennial CEIP update, we recommend that this information be amended into this Final CEIP and summarized in the 2022 annual update.

We continue to urge PSE to develop an aggressive plan to take advantage of grid connected water heaters, as they are available to consumers during 2022 (with due consideration for current supply chain constraints). It appears from the generic information that was modeled and presented in Appendix E-2: Incremental Cost Calculation, Tab 2: Demand Response, that a very small amount of grid enabled water heaters might be considered, but with very low participation expected. Appendix E-2 indicates that 30,000 DLC switch activated water heaters will be in place by 2025, but only 8,600 fully grid-enabled electric resistance water heaters and merely 324 grid-enabled heat pump water heaters, which use 30% of the energy of electric resistance units. A more forward-looking program design would seek to maximize the use of grid-enabled HPWH and ERWH and aim for full market saturation by 2030 in

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[6] "The programs listed in Table 3 [selected options] below are representative examples and convey PSE's priorities, but are not a limitation of what programs PSE will accept" (page 5, PSE DER/DR RFP).

[7] According to Consumer Affairs, the average price per watt for residential rooftop solar in Washington is $2.73/W. https://www.consumeraffairs.com/solar-energy/how-much-do-solar-panels-cost.html

accordance with CETA. We think CETA provides an opportunity for PSE to be a leader in the region in grid-enabled water heater adoption, and we believe that updating the program cost assumptions would tip the scales away from the outdated DLC switch activated heaters and toward more grid-enabled HPWH and ERWH.

6. Conservation/Energy Efficiency

The forecast amount of conservation to comply with CETA is presented, by program type, in Appendix E-2, Tab 1. The Final CEIP requests approval of $150M for an across-the-board increase in conservation between the CETA and non-CETA scenarios. While we understand why more EE would be cost-effective under CETA than without CETA, the CEIP doesn't provide a clear rationale for an across-the-board 58% increase in all types of conservation. We are frustrated that the Final CEIP's Appendix E-2: Incremental Cost Calculation, Tab 1. Energy Efficiency presents a summary of estimated costs by type of conservation program, but not by specific programs. Given the recent submission and approval of the BCP, this information should have been available and included in the CEIP. Instead, the reader must navigate a convoluted series of footnotes to find this information.

7. Consumer Benefit Indicators

Working with Customer Benefit Indicators ("CBIs") is a new requirement meant to ensure that all customers benefit from the transition to clean electricity (RCW 19.405.010(1), (2) and (6); RCW 19.405.040(8); RCW 19.405.060(1)(c)(iii) and (2)(b)(iii)). **A utility must intentionally evaluate each specific action and program through the lens of each CBI and indicate if and how the CBI is applicable or not to that action.** PSE has only applied its proposed CBIs to DERs, and not to the entire portfolio, making this component of the CEIP incomplete.

The Joint Advocates (JA), comprised of NWEC, The Energy Project (TEP), Front & Centered (F&C) and the Public Counsel Unit of the Attorney General's Office (PCU) prepared CBIs that are more focused, detailed, and that directly support the CETA statutory elements for which CBIs must be developed. Those CBIs were submitted to PSE, with appropriate metric indicators, in early summer of 2021. The intent of the Joint Advocates proposed CBIs was to describe actions the utilities could take, such as reduce energy burdens for vulnerable populations and provide the clear metrics that can show whether progress is being made. While WAC 480-100-640(4)(c) requires that each utility must include at a minimum, at least one CBI for each statutory element; it makes no mention of prioritizing one over another, as PSE has proposed. If several CBIs were developed for a single element, it may be appropriate to rank CBIs within an element. Overall, the Joint Advocates urged PSE make the CBIs more specific and develop metrics that can clearly show direction and impact of actions. The Final CEIP has not changed from the Draft version in which CBIs and metrics are linked to multiple statutory elements, making progress more difficult to track. PSE also limits the application of the CBIs to the DERs, as the other specific actions and programs have yet to be selected. We feel it is important to apply the CBIs to all resources. Without that fair and even application of CBIs to all resources, the CEIP does not comply with WAC 480-100-640, and the CBI evaluation in PSE's Final CEIP is incomplete.

In winnowing the DER options to consider, PSE eliminated two options that were widely supported by several advisory groups, including the Equity Advisory Group (EAG) - "*the rent-to-own solar" and "community battery share" were on the list or supported by stakeholders but did not make the list of concepts. Rent-to-own distributed solar had a similar market potential as the rooftop solar leasing program* ***but had lower returns for customers***" (page 33). There is no explanation to support this assertion. Although a "Participant Cost Test" is invoked for customer economics (page 35), those values are not presented in Appendix D-1. Nor is it clear why the DER options "#12 NEM current" or "#13 NEM

Successor" programs received "null" scoring in every CBI category (Appendix D-3: CBI scoring, Tab CBI-Scoring), when net metering has been very successful in encouraging home owners to install DER solar. PSE currently has far more than 10,000 installed photovoltaic systems contributing more than 86MW of clean power to the grid. Any planned successor program to NEM should at least be described in detail and the impacts fairly evaluated. We requested in our comments on the Draft CEIP that the Final CEIP should clearly explain *how* the CBIs will be considered in the selection of all EE, DR and RE specific actions. This is particularly important given that the results from the RFPs will be available in the next quarter.

It is understandable that the first time working with CBIs would prove challenging, and we acknowledge PSE's efforts to try to update the CBIs it devised for the IRP, with input from the various advisory groups. Yet, there is still work to be done. We recommend that any improvements or changes to the first round of CBIs be undertaken with the advisory groups soon, and not delayed until the next IRP cycle, so that clear and effective CBIs can be used to evaluate each specific action or program, as required by law. We recommend that this work be completed prior to the Commission's approval of PSE's CEIP.

Recommendation

While we support the general direction that PSE is taking in its CEIP, especially concerning its clean energy targets and its consideration of DERs, we think that the plan is incomplete. Too many questions remain unanswered about the resource costs, prioritization, and specific actions for the Commission to approve the CEIP. We have consistently urged the Commission and PSE to avoid unnecessary delays to the planning and procurement process. However, due to the consequences of repeated delays, we find ourselves in the unfortunate position of recommending that the Commission either: (1) suspend the CEIP for adjudication (WAC 480-100-645(2)), or (2) reject it. We defer to the Commission's discretion on the procedural options for action on an incomplete filing. In either case, the Commission should require PSE to resubmit the CEIP after the results of the combined RFPs are incorporated in the third quarter of 2022. Once preliminary costs are available, the CBI evaluation should be completed to select specific actions, and the CEIP resubmitted for Commission and stakeholder review, including submission into docket UE-200066.

Thank you for the opportunity to comment.

Sincerely,

/s/ Lauren McCloy, Policy Director, lauren@nwenergy.org
/s/ Joni Bosh, Senior Policy Associate, joni@nwenergy.org