

Comments made on behalf of the Coalition of Eastside Neighborhoods for Sensible Energy (CENSE)

RE: Rulemaking for Integrated Resource Planning, WAC 480-100-238, WAC 480-90- 238, and WAC 480-107 Docket UE-161024

My name is Richard Lauckhart. In my 22-year employment (1974-1996) at Puget Sound Power & Light (the predecessor of PSE), I was involved in the drafting of the initial Washington State IRP rule and was involved in every Puget Integrated Resource Plan until I left PSE in 1996 to become an energy consultant. Further, I was involved in load flow studies and transmission planning for Puget. In my subsequent energy consulting career, I have continued to be involved in IRPs and Transmission Planning for other electric utilities. I have been working for CENSE on a pro-bono basis since April of 2015. Because of my background and knowledge of IRP and transmission planning, CENSE has asked me to provide comments on the IRP rulemaking. I understand that Don Marsh of CENSE will submit additional comments on behalf of CENSE.

I am filing these comments with the understanding that the WUTC is willing to take late comments in this rulemaking proceeding as long as the comments are not significantly late.

PSE is attempting to build a transmission project known as “Energize Eastside” that will cost ratepayers at least \$200 million dollars. However, there is **no mention of this proposal in PSE’s IRP** and no other review of this plan by the WUTC prior to its construction. In the EIS forum for this project, CENSE and I have provided considerable information supporting our belief that this project is not needed. Further, CENSE has provided extensive material on how DSM and Distributed Generation can be used in the future to avoid the need to build this and similar transmission facilities.

I believe that the existing Integrated Resource Planning Rule (WAC 480-100-238) could be used to shed more light on this Energize Eastside matter at the WUTC. While the WUTC does not grant “pre-approval” of PSE proposed investments, the WUTC clearly has the authority to “reject” any PSE proposed IRP and send it back for further analysis for not having complied with the IRP rule.

WAC 480-100-238 (IRP rule) addresses transmission. In particular, the rule states in part:

(3) Content. At a minimum, integrated resource plans must include:

(d) An assessment of transmission system capability and reliability, to the extent such information can be provided consistent with applicable laws.

(e) A comparative evaluation of energy supply resources (including transmission and distribution) and improvements in conservation using the criteria specified in WAC 480-100-238 (2)(b), Lowest reasonable cost.

With respect to Energize Eastside, PSE has not complied with these existing IRP requirements.

The WUTC should remind its regulated electric utilities that IRPs must comply with these important rules. The WUTC should reject any IRP that fails to do so. The WUTC could further clarify that new transmission investments will not be eligible for inclusion in the ratebase if they are not analyzed in the IRP.

I have other recommendations for the IRP rule as follows:

- 1) Item 3(d) above says that an assessment of transmission system capability and reliability must be included in the IRP **“to the extent such information can be provided consistent with applicable laws.”** Any assessment of transmission system capability and reliability needs to be performed with a load flow study. In the EIS process for Energize Eastside, PSE has refused to make its load flow studies available for inspection by interested parties because PSE claims the information is Critical Energy Infrastructure Information (CEII) and interested parties may decide to use the data to find weaknesses in the transmission grid so they can perform terrorist activities. The Federal Energy Regulatory Commission (FERC) has stated that CENSE representatives investigating the need for Energize Eastside are not considered terrorists and have a legitimate need to see the load flow data. In fact, FERC has provided CENSE representatives the WECC Base Cases (which are the same as the PSE Base Cases). However, these Base Cases are not sufficient for CENSE to fully analyze the need for Energize Eastside, because PSE made modifications to the Base Cases for their load flow studies.
- 2) CENSE suggests that the WUTC rule be further clarified to say that if FERC has provided the WECC and PSE Base Cases to interested parties (e.g. by the interested parties getting CEII clearance from FERC) then PSE would be required to show any modifications they made to such Base Cases (for purposes of the IRP requirements) to those parties.
- 3) It is widely understood that DSM and Distributed Generation can reduce and eliminate the need for new transmission and distribution lines if properly implemented. PSEs current IRP shows a considerable need for new supplies in the very near future. The requirements for evaluating transmission in the current IRP rules (indicated above) should have resulted in PSE studying to see if DSM and/or Distributed Generation could eliminate the need to build new transmission such as Energize Eastside. The WUTC should remind its regulated utilities of these requirements.
- 4) As FERC has made very clear, some transmission lines are for local need only. Others can have an impact on the Regional grid. PSE claims that Energize Eastside is needed to help move 1,500 MW from the northwest to Canada. That is an impact on the Regional Grid. If that is the case, then PSE should have requested that Energize Eastside be selected in a Regional Transmission Plan developed by ColumbiaGrid. When that is done (and if the project is selected in the Regional Transmission Plan), then FERC will decide which entities are required to pay what amounts for the project. FERC makes this determination by analyzing which entities benefit most from construction of the project. But in the case of Energize Eastside, FERC points out that neither PSE (nor any other party) ever requested that Energize Eastside be selected in a Regional Transmission Plan. So FERC stated it has no jurisdiction over the Energize Eastside project. That being the case, PSE proposes to have its own ratepayers pay essentially the entire \$200+ million dollar cost of the project. This would be a grossly unfair burden for PSE ratepayers to carry. And PSE ratepayers get no material benefit by increasing the ability to move power to Canada to 1,500 MW under all weather and outage conditions. CENSE has presented compelling evidence in the Energize Eastside project EIS that without the requirement to move 1,500 MW to Canada, Energize Eastside is not needed. *[Our own load flow studies show that the Transmission grid is not capable of delivering 1,500 MW to Canada on a cold winter peak hour whether or not Energize Eastside is built].*
- 5) CENSE suggests that the WUTC require regulated utilities to include a proposed transmission line in a Regional Transmission Plan if regional flows (flows between utilities) are an important

element in the justification of the line. If this is not done, then ratepayers of WUTC regulated electric utilities would carry an unnecessary burden by paying for the entire cost of the line.

- 6)** Many state regulators of investor owned utilities do not allow utility IRPs to rely on spot market (i.e. non-firm) purchases for demonstration that they are Resource Adequate in the first 1-3 years of the forecast period. The regulators see the need to ensure there is sufficient Firm supply so that if for some reason there is no spot market power (or it becomes prohibitively expensive) the reliability of supply to customers is not at risk. The WUTC should consider adopting this policy.

I would be happy to meet with you to elaborate on any of these points if you would like.

Thank you for this opportunity to make these comments.

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