



PUGET SOUND ENERGY

The Energy To Do Great Things

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Via electronic mail – records@utc.wa.gov

October 16, 2009

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Docket No. U-090222
Review of PURPA Standards in the Energy Independence and
Security Act of 2007
Comments of Puget Sound Energy, Inc.

Dear Mr. Danner:

Puget Sound Energy, Inc. (“PSE” or the “Company”) appreciates the opportunity to participate in the Commission’s examination of whether new regulations are needed to govern six aspects of investor-owned electric and natural gas utility operations for which new federal standards are included in the Energy Independence and Security Act of 2007, Public Law 110-140 (EISA). In response to the Commission’s Notice of Opportunity to File Written Comments regarding the Discussion Draft Document dated September 17, 2009 in Docket No. U-090222 regarding PURPA Standard 18(A), PSE offers the following comments, edits and suggested rule language.

COMMENTS

In consideration of the Smart Grid Technology Report proposed under Docket U-090222, it is important to place the report in the context of the national activities around Smart Grid. The Energy Independence and Security Act of 2007 (“EISA”) and Smart Grid Demonstration Projects and Smart Grid Investment Grant Program funded under the American Recovery and Reinvestment Act of 2009 (“ARRA”) have created several information gathering and feedback mechanisms that will greatly shape utilities knowledge of and decision-making process around investments in Smart Grid technologies. Specifically, these information gathering and feedback mechanisms are:

- Development of interoperability standards under the EISA Section 1305 , which is currently underway;
- Department of Energy's evaluation of the overall and net benefits of Smart Grid Demonstration Projects funded under ARRA to consumers, companies, and society as a whole;
- Department of Energy's evaluation of overall and net benefits from projects funded under the Smart Grid Investment Grant Program;
- Smart Grid Information clearinghouse to be developed by the Department of Energy.

It is anticipated that all of these evaluations will continue to evolve through at least 2014. In addition to the programs listed above, concurrent research, development, and deployment programs for smart grid technologies and related technologies (e.g. electric vehicles) will be underway by DOE's national labs and other public and/or private entities.

The following sections provide specific comments and suggested rule language in response to the Discussion Draft posed in the Notice of Opportunity to File Written Comments.

WAC 480-100-xxx (1)

Comments:

Some technologies that may be considered as part of the smart grid, may already be existing technologies used in a new or different application, and may already be considered in existing utility evaluation processes. This report would serve the purpose of informing the commission with respect to those specifically commercially available transformative smart grid technologies that the utility has actively studied.

Suggested Rule Language:

WAC 480-100-xxx (1)

“Purpose. The purpose of this section is to establish requirements for each electric utility to submit periodic reports to inform the commission about the commercially available, transformational smart grid technologies that the utility has actively studied and plans for implementation based on currently available information.”

WAC 480-100-xxx (2)(b)

Comments:

The Federal Department of Energy has discussed a number of "Smart Grid characteristics" (see DOE's Modern Grid Strategy), goals (see Smart Grid Investment Grant Program, p.7), and expectations (see Smart Grid Investment Grant Program, pp. 7 and 8). The Smart Grid Investment Grant Program specified a number of "eligible technologies" (see Smart Grid Investment Grant Program, pp. 14 and 15). Within the context of these various discussions, it is suggested that the definition of "Smart grid technologies" include any technology intended to increase flexibility, functionality, interoperability, cyber-security, situational awareness, and operational efficiency of the transmission and distribution system through the use of Smart Grid functions.

Suggested Rule Language:

WAC 480-100-xxx (2)(b)

“Smart grid technologies” means any commercially available technology intended to be transformational and intended to: improve the reliability and operating efficiency of; reduce the operating costs of; increase the flexibility, functionality, interoperability, cyber-security, and situational awareness of, electrical transmission and distribution systems by enabling one or more smart grid functions.”

WAC 480-100-xxx (2)(c)(vi)

Comments:

It should be noted that the ability to enable customer demand response programs can be implemented without the utilization of transformational smart grid technologies. The smart grid functions noted in WAC 480-100-xxx (2)(c)(i) and (iii) would enable customer demand response programs.

WAC 480-100-xxx (2)(c)(vii)

Comments:

It should be noted that new end-uses, such as charging electric vehicles can be enabled without the utilization of transformational smart grid technologies.

WAC 480-100-xxx (2)(c)(viii)

Comments:

It should be noted that the ability to interconnect and integrate power generated from customer-owned power facilities can be enabled without the utilization of transformational smart grid technologies.

WAC 480-100-xxx (2)(c)(ix)

Comments:

The Federal Department of Energy has discussed the smart grid as "enabling the entire electricity supply and delivery chain". As such, it is appropriate to include another Smart Grid function as "the ability to use digital information to improve the reliability, efficiency, or reliability of generating equipment in an integrated manner to improve the flexibility, functionality, interoperability, cyber-security, situational awareness, and operational efficiency of the transmission and distribution system."

Suggested Rule Language:

WAC 480-100-xxx (2)(c)(ix)

“The ability to use digital information to improve the reliability, efficiency, or reliability of generating equipment in an integrated manner to improve the flexibility, functionality, interoperability, cyber-security, situational awareness, and operational efficiency of the transmission and distribution system.”

WAC 480-100-xxx (3)(a)

Comments:

In light of the federal activities previously discussed (evolution of Federal evaluation methods through the year 2014), submission of an initial report in 2011 will provide significantly better direction to the initial report. PSE also believes that three years is a much better interval between reports that will lead to more useful information being contained within the reports. PSE stands by to inform the Commission regarding these matters, prior to submission of the first report in 2011, in a way suitable for the Commission, should the Commission need an update prior to 2011.

Suggested Rule Language:

WAC 480-100-xxx (3)(a)

“Each electric utility must file with the commission a smart grid technology report no later than September 1, 2011, and subsequent reports no later than September 1 of the years 2014 and 2017.”

WAC 480-100-xxx (3)(b)

“Unless otherwise ordered by the Commission, this reporting requirement shall expire after the filing of the last report due on September 1, 2017.”

WAC 480-100-xxx (4)(a)

Comments:

It is unlikely that a utility will develop a robust discussion of every detail listed in this section for those technologies which it only evaluates, but ultimately determines that it will not integrate into its system in the near term. As such, a more constructive report would be for utilities to submit their evaluation for those technologies which it has actively studied and plans to integrate into its system. For those technologies in which the utility has decided to invest, it may emphasize each of the details listed differently, depending on the technology. In some cases, some of the details may not apply, for example - customer acceptance and behavioral response is not expected, nor capable of being measured when a new distribution management software system is installed. As such, it is more appropriate that the utility would evaluate those details applicable to the technology.

Suggested Rule Language:

WAC 480-100-xxx (4)(a)

“A description of the smart grid technologies the utility has actively studied and is considering or planning to implement into its system, and the utility’s evaluation of such technologies, which shall contain the details applicable to the consideration of that technology, such as:”

WAC 480-100-xxx (4)(b)

Comments:

As previously discussed, it is anticipated that the evolution of Smart Grid technologies will be rapid over the next 5 to 10 years. As such, identification of all technologies and their costs as outlined in this section is unlikely to be accurate over this timeframe. A more informative use of the report may be for a qualitative identification and discussion of Smart Grid technologies that may be available over the next 10-year period. More detailed information on costs and system effects could be incorporated as appropriate in Section (4)(b) when the utility plans to invest in these technologies.

Suggested Rule Language:

WAC 480-100-xxx (4)(b)

“Identification and discussion of commercially available smart grid technologies that are appropriate to be actively studied during the subsequent 10-year period.”

WAC 480-100-xxx (4)(d)

Comments:

There needs to be more clarity around the term “smart grid pilot”.

WAC 480-100-xxx (6)

Comments:

These rules should be written with sufficient clarity such that consultation with commission staff is unnecessary. These rules should clearly state what is required for producing a clear comprehensive report. If there is any ambiguity in the rules, the Commissioners will decide compliance, or grant any requested waivers. It is PSE’s recommendation that this section be deleted as it is unnecessary and not consistent with the current implementation of WAC rules.

WAC 480-100-xxx (8)

Comments:

The evaluation of smart grid technologies will very likely contain information exempt from disclosure under Chapter 42.56 RCW, such as security information protected under RCW 42.56.420 and valuable commercial information including, but not limited to, trade secrets, costs, financial information, network configuration and design information, protected under RCW 42.56.270. Therefore rules will be necessary so that the electric utility will be able to designate and protect all security information and valuable commercial information contained in the report.

Suggested Rule Language:

WAC 480-100-xxx (8)

“All security information subject to protection under RCW 42.56.420 that may need to be included as part of this report shall not be released to the public for inspection or copying. All valuable commercial information that may need to be included as part of this report shall be protected at the highest level of confidentiality allowed for in applicable statutes and

rules, including the designation of "highly confidential" for information, that if disseminated, imposes a highly significant risk of competitive harm to the disclosing party.

WAC 480-100-xxx (9)

Comments:

The purpose of the periodic reports is to inform the commission of the utility's evaluation and plans using the available information at that time, it is not for the purpose of determining whether or not the electric utility is subject to penalties should those plans for implementation change.

Suggested Rule Language:

WAC 480-100-xxx (9)

"The report is for informational purposes only, using available information at that point in time. Should an electric utility decide not to implement smart grid technologies as stated in previously filed reports it shall not be subject to any penalties."

WAC 480-100-xxx (10)

Comments:

The rules need to explain what action the commission will take after the compliance filing is made. The commission needs to formally indicate that the utility has met compliance and the overall report is reasonable.

Suggested Rule Language:

WAC 480-100-xxx (10)

"After the electric utility has filed the compliance report, the Commission, after appropriate review shall indicate that it has accepted the compliance report as meeting the requirements of the rule and that the report is reasonable."

PSE appreciates the opportunity to present its viewpoint on this issue and looks forward to further discussions on this topic. Please direct any questions regarding these comments to Eric Englert at (425) 456-2312 or the undersigned at (425) 462-3495.

Sincerely,



Tom DeBoer
Director – Federal & State Regulatory Affairs