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Washington Utilities and Transportation Commission
PO Box 47250
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Dear Commissioners,

Thank you for the opportunity to comment on Docket UE-161024.

I am submitting these comments on behalf of the Coalition of Eastside Neighborhoods for Sensible Energy. Our particular focus is WAC 480-100-238, and especially paragraph 3(d), concerning the assessment of transmission system capability and reliability. Our perspective is informed by nearly three years studying PSE's "Energize Eastside" project, which proposes to build a 230 kV transmission line through 18 miles of densely populated areas in the cities of Bellevue, Newcastle, Renton, and Redmond. In this effort, we have received technical assistance from Richard Lauckhart, a former VP of Power Planning for Puget Sound Power & Light, and EQL Energy, an industry consultant with expertise in modern non-wire technologies and policies. Mr. Lauckhart will submit his own detailed comments regarding IRP rule-making in a separate letter.

Our reading of this WAC leads us to expect that a transmission project of this size and cost (at least $200 million) would be included in PSE's IRP. Although PSE is in a hurry to build this line to forestall impending blackouts next year (according to the company's website), the line has been anticipated for more than a decade, giving PSE ample opportunity to include analysis and justification for this investment in a number of IRPs.

The lack of analysis in an IRP has left us with many unanswered questions:

1. Is the purpose of Energize Eastside to serve local need or regional transmission?
2. Is this the best solution in terms of cost-effectiveness, support for environmental goals, and the communities it impacts?
3. Is the cost fairly allocated among the beneficiaries?

In the following pages, we explain each of these questions in more detail. To remedy shortcomings in the Energize Eastside process and similar transmission lines in the future, we ask the WUTC to adopt or enhance IRP rules that increase clarity and transparency for policymakers and the public.

What is the purpose of Energize Eastside?

In documents PSE uses to justify Energize Eastside (see the *Eastside Needs Assessment*, https://energizeeastside2.blob.core.windows.net/media/Default/Library/Reports/Eastside_Needs_Assessment_Final_Draft_10-31-2013v2REDACTEDR1.pdf), PSE lists the following as two of the top six assumptions included in project load flow simulations:

- Winter peak Northern Intertie transfers were 1,500 MW exported to Canada.
- Summer peak Northern Intertie transfers were 2,850 MW imported from Canada.

PSE does not say that these transfers are necessary to serve local need. Queries of the BPA have not yielded any evidence that PSE is obligated to support such transfers. Should PSE's ratepayers be required to pay the entire cost of building regional transmission infrastructure while the beneficiaries contribute nothing?

Although the regional nature of this project is clear from BPA and ColumbiaGrid documents published in 2012, PSE has subsequently downplayed the role of regional transmission as a reason to build the project. The company claims the primary motivation is to serve rapid growth of Eastside cities. However, PSE has provided no data that proves population growth is increasing demand for electricity. In fact, PSE's data shows aggregate consumption falling at an impressive rate even where population is growing the fastest (see Bellevue's consumption trends at https://city-of-bellevue.scope5.com/public_dashboard).

With no analysis in the IRP and no significant oversight from the WUTC, city councils with little expertise in transmission matters must make their own determinations about the purpose and need for this project. PSE uses an expensive marketing campaign and threat of legal action to bully city councils into approving the project. We believe ratepayers would be better served by having real analysis by industry experts through the IRP process.

Is Energize Eastside the best solution?

The *Seventh Northwest Power Plan* recommends Demand Response and Electrical Efficiency as preferred strategies to deliver increased reliability and environmental benefits to growing population in our region. PSE's plans to build a gigawatt of natural gas generation plants and a big transmission line appear to be out of step with these recommendations.

PSE rarely addresses the potential of Demand Response (DR) in public. When they do, it is portrayed as an inconvenient burden for customers. The public is never told that DR could reduce their utility bills if they choose to participate. Although PSE has engaged Navigant Consulting to evaluate DR potential for future IRPs, no detailed analysis of DR contributions has been included in simulations justifying Energize Eastside.

The Draft EIS for Energize Eastside claims that only 16 MW of peak reduction can be achieved through DR in the Eastside by 2024. Our consultant, EQL Energy, estimates the potential at more than three times that amount.

CENSE and EQL have provided numerous examples of alternatives that are already being used in cities across the nation that could address the claimed need for Energize Eastside. These solutions should be analyzed and discussed as part of the IRP process, because they affect the need for both generation and transmission infrastructure. If generation and transmission facilities are not considered holistically in the IRP, there is risk of overbuilding one or the other to the detriment of ratepayers.

Is Energize Eastside fair?

Over the 40-50-year lifetime of the Energize Eastside transmission line, PSE's ratepayers will pay over a billion dollars for it. This estimate includes the cost of interest payments, but does not include the costs of reduced property value, lower tax revenue, the loss of thousands of significant trees, or the heightened risk of accidents with the collocated Olympic Pipeline. These costs will be borne by ratepayers who receive no direct benefit from the regional transfers the project will facilitate. If Energize Eastside is a regional project, it should be evaluated as part of the regional transmission planning process, and costs should be allocated among the regional partners.

On the other hand, if Energize Eastside is only a local project, the 400% increase in transmission capacity is certainly more than the Eastside needs, especially at a time when electricity consumption is declining. CENSE and EQL have provided examples of how smaller, incremental investments would cost significantly less and be more adaptable to actual usage trends. Our solutions would provide better reliability on a year-round basis.

If Energize Eastside is not included in IRP planning, the experts are left out of this debate. City councils are not well-qualified to make the final decision on these questions. Our only recourse is an expensive and time-consuming legal challenge that benefits neither PSE nor ratepayers.

We would rather spend our time and energy finding solutions that deliver better reliability, benefit the environment, and provide fair compensation for our utility. Inclusion in IRP planning might not be the ultimate way to achieve these goals, but it would be a step in the right direction.

Specific questions/requests

We have a number of specific questions and requests that illustrate problems in the current regime:

1. PSE has not shared details of the Energize Eastside load flow study with any of the well-qualified individuals who have submitted requests for "Critical Energy Infrastructure Information" in accordance with federal regulations designed to prevent exploitation of such information by terrorists. The Federal Energy Regulatory Commission has granted this clearance to at least two of the applicants that PSE has denied. We suggest that the WUTC withhold rate base approval for any project whose details have not been disclosed to qualified critical reviewers.

2. CENSE experts have studied WECC Base Cases that PSE used as the basis for Energize Eastside load flow studies. PSE has indicated that they made modifications to these Base Cases for their load flow studies. However, PSE has not divulged what those modifications were. We ask the WUTC to compel PSE to share these details with anyone who has received federal clearance to access the Base Cases.

3. As far as we can tell from public documents, PSE has not included contributions from DR, Energy Storage, Distributed Generation, or advanced Electrical Efficiency in Energize Eastside load flow studies. We believe that current IRP rules stated in WAC 480-100-238 require the utility to undertake a more detailed and transparent analysis of the potential of these solutions to address local needs. We ask the WUTC to reinforce this requirement with PSE.

4. Load flow studies performed by Richard Lauckhart and Roger Schiffman conclude that the scenario PSE is modeling in its studies would result in a low voltage condition due to constraints on transmission lines that connect the Puget Sound region with sources in central Washington. We would like to know if PSE found a way to avoid this condition while simultaneously serving peak winter load, helping to send 1,500 MW to Canada, contending with an outage of two major transformers, and turning off six local generation plants. If this scenario exceeds the ability of the grid to provide reliable electricity at normal voltage, the need for the transmission line must be revisited.

5. If PSE continues to include large regional transmission flows as a fundamental assumption justifying Energize Eastside, we ask the WUTC to compel PSE to include the project in a Regional Transmission Plan so that costs can be apportioned fairly among the beneficiaries of the regional flows.

Sincerely,

Don Marsh, President
CENSE.org