cense

Coalition of Eastside Neighborhoods
for Sensible Energy

September 16, 2020

Washington Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98504-7250

Re: Puget Sound Energy RFPs (Docket UE-200413 and Docket UE-200414)

Dear Commissioners,

Coalition of Eastside Neighbors for Sensible Energy (CENSE) is a nonprofit community organization formed in 2014 to address energy issues and transmission in communities east of Lake Washington. CENSE has been a frequent commenter to the Commission on various energy issues related to Puget Sound Energy (PSE) and a participant in permitting for electrical facilities in local communities.

CENSE writes today to comment on Dockets UE-200413 and 200414. These dockets relate to RFPs for new resources to fill capacity need. Docket UE-200413 regards Demand Response (DR) resources and UE-200414 is an "All-Source" RFP, which includes a variety of resources, including energy storage technologies.

PSE has stated its desire to withdraw these RFPs due to lower demand forecasts, at least partly due to COVID-19. CENSE agrees with this reasoning as applied to part of PSE's All Source RFP, Docket UE-200414, but not as to energy storage resources, including batteries. Lower forecasts notwithstanding, PSE should start acquiring cost-effective energy storage resources as soon as possible to improve grid reliability and time-shift renewable generation resources, thus reducing greenhouse gas emissions during peak demand periods.

However, we do not support withdrawal of any portion of PSE's Demand Response RFP, Docket UE-200413. Even if demand is declining, there are other compelling reasons to pursue Demand Response immediately:

1. Demand Response can alleviate existing stresses on the electric grid that may cause future reliability problems.

2. Demand Response is less expensive and quicker to implement than wired solutions.
3. Demand Response is an essential tool to reduce greenhouse gas emissions and achieve CETA goals less than ten years from now.

These are the conclusions of Synapse Energy Economics, Inc. and MaxETA Energy, independent consultants engaged by the City of Newcastle to study the need for PSE's "Energize Eastside" transmission line upgrade. After approximately a year of study, Synapse found compelling reasons for PSE to pursue Demand Response as an alternative or interim solution to higher-voltage power lines to resolve capacity needs. Synapse's draft report, "Assessment of Proposed Energize Eastside Project" is attached for the Commission's review in assessing whether PSE's RFPs should be withdrawn.

As the Commission considers the need for Demand Response in our electric grid, we would like to highlight a few of Synapse's conclusions that seem relevant.

Initially, Synapse did not find a winter capacity deficiency that could justify the need for higher capacity transmission lines. This conclusion aligns with PSE's assertion that winter demand trends no longer require a DR RFP. ("We cannot conclude based on the evidence we analyzed that there is a winter capacity deficiency or any winter need for transmission capacity expansion, at least in the next several years." [Page 3])

However, Synapse finds that there may be an existing summer capacity deficiency in King County under certain circumstances, but Demand Response and Energy Efficiency could help:

> *Our review of historical summer peak loads and the capacity thresholds in King County provided by PSE shows that there is a summer transmission capacity deficiency in King County under N-1-1 contingencies even at today's peak load level. We further find that this capacity deficiency has existed for the past 10 years or more for the summer season. The peak load levels in King County have been 13 to 20 percent (or 200 MW to 300 MW) above the area's capacity threshold, putting PSE customers at risk of losing power for the past 10 years. [Page 3]*
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> *However, we note that there were various actions and measures PSE could have taken over the past 10 years or more to avoid the current situation. Such actions include actually implementing targeted demand-side resources, rather than just studying them, and also identifying and acting upon summer peak savings opportunities that have been neglected for many years. These actions would have allowed PSE to avoid the current serious condition that could now be jeopardizing its service to customers under transmission contingencies, as well as reduce the need to implement Corrective Action Plans (CAPs), while providing additional net benefits to the area because many demand-side resources are cost-effective on their own. [Page 5]*
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> *…*
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> *Although our assessment confirmed that PSE does need to build and increase its transmission capacity for the Eastside and King County, it takes several years to*

complete any substantial transmission and substation construction project. Until such a project is complete, PSE should strive to minimize the risk of forced outages as much as possible. The best approach for minimizing the risk is likely to involve implementing cost-effective demand-side resource (DSR) programs as non-wires alternatives (NWA) with a focus on reducing the summer peak load. [Page 6]

…

PSE should assess the potential of energy efficiency measures that can reduce summer peak loads. Historically PSE's conservation studies have been focusing on winter peak periods. While PSE's 2017 IRP assessed summer peak reduction potential from demand response for the first time, it did not analyze summer peak potential from energy efficiency measures despite the fact that PSE identified by-then-serious transmission constraints during the summer peak time. We recommend PSE immediately undertake a study to evaluate summer peak reduction from energy efficiency measures if this scope is not included in the ongoing 2019 IRP process. [Page 6]

…

Finally, PSE or the Washington Utilities and Transportation Commission (WUTC) should consider developing an independent third-party model for evaluating and/or procuring NWA as part of the transformation of the transmission planning process. Other states have such processes. For example, the Vermont System Planning Committee was formed more than a decade ago after a large transmission project was approved but regulators identified that it could have been avoided had utilities begun pursuit of non-wires solutions sooner. [Page 7]

Synapse made specific recommendations regarding acquisition of Demand Response resources:

Second, PSE should seek to procure as much demand response (DR) as possible along with energy efficiency, solar PV, and combined heat and power because DR has some advantages over other resources: (a) DR is an untapped resource in the region; (b) DR can be quickly procured; (c) DR can be dispatched by PSE; and (d) DR has the potential to deliver a large amount of summer peaking reduction within a short time frame. PSE's current efforts to secure DR capacity seem lukewarm at best.[1] As mentioned in our report, Portland General Electric (PGE), PSE's nearby peer utility which has a similar level of peak loads, has implemented about 160 MW of Summer DR including dispatchable generators (32 MW of conventional DR and 130 MW of dispatchable backup generators) since 2016 and is on track to meet its 2020 DR goals of about 200 MW, or close to 6 percent of the summer peak load.[2] We believe PSE could do the same while cost-effectively reducing risk for its customers. [Page 6]

[1] https://www.pse.com/pages/grid-modernization/demand-response

[2] PGE. 2019. Integrated Resource Plan DRAFT, p. 15-16. Available at https://www.portlandgeneral.com/our-company/energy-strategy/resource-planning/integrated-resource-planning; 3,436 MW of summer peak expected for 2020 per page 233 of PGE's 2019 IRP Draft.

At this time, PSE has not indicated whether it agrees with Synapse's conclusions. Nor has PSE provided a forecast of summer peak demand in its 2021 IRP. However, by requesting to withdraw its Demand Response RFP, the company appears to reject the conclusion that there is a capacity deficiency of any kind, or that non-wires alternatives (including Demand Response) could be helpful in addressing such deficiency.

In its initial draft, Synapse recommended actions the Commission could take to improve the planning process:

> *While the City of Newcastle does not have the regulatory authority to require the actions we recommend above regarding demand-side measures, we believe they would be prudent utility actions that the utility should undertake of its own volition, and that the WUTC should give them due consideration and support for rate recovery if pursued in a prudent manner. We believe that PSE should take proactive actions to implement our recommendations and reach out to WUTC as it reforms its current transmission planning process and load forecast. [Page 7]*

CENSE wholeheartedly agrees that PSE should receive fair compensation for pursuing DR that will benefit its customers through lower costs and higher reliability. If the company views DR as negatively impacting its revenue and profit for shareholders, PSE will find excuses to delay or cancel programs that are attractive for rate payers and helpful to achieve environmental goals.

Based on the foregoing, the Commission should decline to approve the withdrawal of the Demand Response RFP and instead require that the RFP be modified to require Demand Response resources be procured to address summer peaking deficiencies. Similarly, the All-Source RFP should be modified to allow removal of carbon based resources, but continue with energy storage facilities, especially batteries.

Thank you for this opportunity to address important issues related to meeting PSE's customer and ratepayer responsibilities.

Sincerely,

Don Marsh, President
CENSE.org