Development of Cost Test Rules to Support Implementation of Decarbonization Act

Technical Conference #1

Washington UTC Docket U-240281

October 11, 2024

Consulting Team to the WA Utilities & Transportation Commission:
Tim Woolf and Courtney Lane, Synapse Energy Economics
Julie Michals, E4TheFuture

Virtual Workshop Reminders

- This a public workshop. The presentation will be recorded and posted.
- MUTE your microphone when you're not speaking

- Use chat to ask clarifying questions during the presentation
- Use chat or raise hand to speak during Q & A

U-240281 Rulemaking
(ESHB 1589, RCW 80.86)

Decarbonization Act directed the Commission to:

- Adopt rules by July 1, 2025, to implement consolidated planning requirements for large combination utilities
- Adopt by rule a cost test for emissions reduction measures achieved by large combination utilities to comply with state clean energy and climate policies.

The development of the cost test rules is occurring concurrently with the ISP rules as part of U-240281 and will be incorporated into the final rulemaking

- Additional guidance and tools may be developed outside of the cost-test rules

U-240281 Rulemaking Process Timeline

ISP Rules

- Workshops - attended by Commissioner's and focused on overarching ISP rules

Cost-test Rules and Guidance

- Technical Conferences - technical discussions led by Staff, focused on the Cost Test Framework

Date	Event
June 28, 2024	First ISP Rules Workshop
September 20, 2024	Draft ISP Rules - Integrated System Plan posted to docket; notice of opportunity to comment (contains placeholder for cost test)
October 11, 2024	**Today's meeting - Cost Test Technical Workshop #1**
October 25, 2024	Second ISP Rules Workshop
October 29, 2024	Cost Test Technical Workshop #2
December 3, 2024	Cost Test Technical Workshop #3
January 2025	Informal Draft Rules for Comment
Q2 2025	CR-102 Comment period and Adoption Hearing
July 1, 2025	Statutory Rulemaking Deadline

Written Comments Timeline

- Requested quick turnaround for Technical Conference 1
- Errata notice –
  - Comments on questions from first CE notice accepted until 10/18
- Written comments for Technical Conference 2 will also have a quick turnround but will be accepted after the conference
  - Notice issued by 10/18, conference on 10/29, comments accepted until 11/15

Today's Meeting Agenda

Introduction and Background

- Introductions
- Objectives for today's Technical Conference and schedule going forward

NSPM Overview

- NSPM BCA principles and multi-step process to develop primary test
- Application of NSPM and primary test to utility system planning

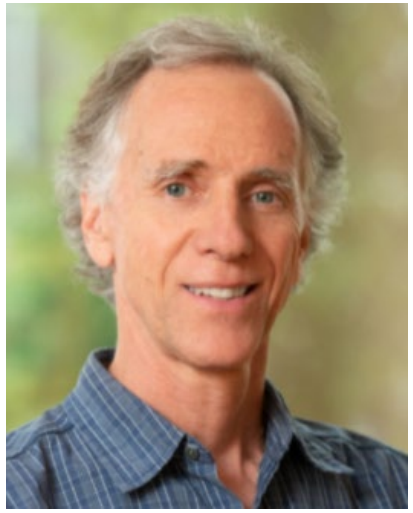
Docket UE-210804 - Straw Proposal for BCA

- Summary of Straw Proposal for Washington BCA
- Discussion of which elements are appropriate for the cost rest

Requirements of the Decarbonization Act (RCW 80.86)

- Overview of requirements and definitions applicable to cost test
- Review of impacts to be included in the cost test
- Overview of planning practices

Introduction to the Consulting Team



Tim Woolf
VP Synapse Energy Economics
Lead Author – NSPM

Courtney Lane
Senior Principal
Synapse Energy Economics

Julie Michals
Director, E4TheFuture
Lead: NESP

Consulting Team Experience/Expertise

Consulting team brings extensive experience on a range of relevant topics to this effort:

- Technical expertise on benefit-cost analyses (BCA), including co-authorship on the National Standard Practice Manual (NSPM) and companion documents.
- Technical assistance to commissions on BCA and evaluation issues.
- Knowledge and participation in past Washington stakeholder discussions on BCA (Docket U-210804) .
- Industry best practices in EM&V and methodologies for quantifying DER impacts.
- Research and technical assistance to state agencies on developing DER strategies and infrastructures.
- Experience working across range of regulatory landscapes that address IRP and least cost planning, reliability, resilience, demand flexibility, DER programs, rate case processes and multi-year rate case considerations.

Today's Objectives

- Provide an overview of the National Standards Practice Manual (NSPM) and how it can be applied across regulatory contexts, including utility system planning
- Review the Straw Proposal for Washington BCA Test developed in Docket UE-210804 (2022) and discuss which elements are appropriate for the cost test rule
- Provide an overview of the Decarbonization Act (RCW 80.86) and obtain feedback on the following:
  - The cost test requires "emission reduction measures" to be included in the cost test – which types of resources should this include?
  - Identify impacts (costs and benefits) that should be included in the cost test
  - Discuss the potential framework for identifying lowest reasonable cost portfolio

Overview of National Standard Practice Manual

Focused on Elements Related to Washington Cost Test Rule

National Standard Practice Manual
and Supporting Publications

National Standard Practice Manual (NSPM) for Benefit-Cost Analysis of Distributed Energy Resources (2020)

Developed by National Energy Screening Project (NESP), a project of E4TheFuture.

- NSPM builds on the California Standard Practice Manual (CaSPM), last updated in 2001
- CaSPM focuses on EE, NSPM addresses all DERs and in different regulatory contexts
- NSPM companion documents include:
  - Methods, Tools & Resources – A Handbook for Quantifying DER Impacts in BCA (2022)
  - Distributional Equity Analysis Guide (May 2024). DOE published, co-funded with E4TheFuture

Fundamental NSPM BCA Principles

1. Recognize that DERs can provide energy/power system needs and should be **compared with other energy resources and treated consistently** for BCA.
2. Align cost-effectiveness test with jurisdiction's **applicable policy goals.**
3. Ensure **symmetry** across costs and benefits.
4. Account for all **relevant, material impacts** (based on applicable policies), even if hard to quantify.
5. Conduct a **forward-looking, long-term analysis** that captures incremental impacts of DER investments.
6. Avoid **double-counting** through clearly defined impacts.
7. Ensure **transparency** in presenting the benefit-cost analysis and results.
8. Conduct **BCA separate from Rate Impact Analyses** as they answer different questions.

Source: National Standard Practice Manual for Benefit-cost Analysis of Distributed Energy Resources (2020)

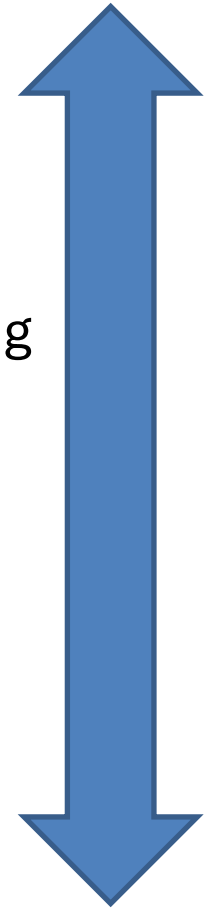
Principle #1: Compare DERs Consistently with Other Resources

- Requires consideration of all utility system impacts (that are applicable and material)
- BCA approach should be consistent across all DERs
  - *Consistent BCA framework reduces risk of either over or under-investing in a resource*
  - *Reduces complexity of different rules and approaches for valuing different DERs for commissions, utilities, and stakeholders*
- Allows for comparison and prioritizing of DER investment options and strategies to answer questions such as:
  - *How cost-effective is one DER type relative to another type?*
  - *How to evaluate a program that includes multiple DER types, e.g., NWAs, NPAs, grid-integrated efficient buildings.*
  - *How to optimize across multiple types of DERs.*
- Important to clarify that 'consistency' in test across different DERs and other resource types *does not mean that all impacts apply or are material* – depends on DER type, use case, and other factors.

The Planning Continuum

(and why BCA consistency matters)

- DERs in Bulk Power System Planning
  - integrated resource planning
  - ISO/RTO planning
- DERs in Distribution and Transmission Planning
  - transmission expansion
  - distribution reliability
  - grid modernization
  - non-wires alternatives
  - BCA and LCBF
- DER Initiative Assessment and Planning
  - BCA of specific (or multiple) DER-focused initiatives



Consistent BCA principles and concepts should be applied across all of these to ensure that all utility investments are optimized relative to each other.

Adapted from NASEO/NARUC Task Force on Comprehensive Electricity Planning for current efforts to better integrate all these: https://www.naruc.org/taskforce/

BCA Applies in Different Regulatory Contexts

Context	Goal of BCA	Application Examples	Role of Costs & Benefits
Programs	determine whether to implement the program	EE, DR, DG, Storage, EVs	compare program benefits to costs
Procurement	determine the ceiling price	DER, NWS, NPS, PPA	ceiling price should equal the benefits of the procurement
Pricing	determine the value of DER	DER compensation	value of DER is the sum of benefits
Planning	identify optimal DER portfolio	Optimize DERs	compare portfolio benefits to costs
	identify preferred resource scenario	DP, IDP, IRP, IGP	compare scenario benefits to costs
	achieve GHG goals at low cost	GHG plans	compare GHG plan benefits to costs
	identify resources to meet state goals	State Energy Plans	compare state plan benefits to costs
Infrastructure Investments	determine whether to make the investment	Grid Mod, AMI, EV infrastructure, NWS, NPA, etc.	compare investment benefits to investment costs
Prudence Reviews	determine whether past utility decision was appropriate	Retrospective review	compare benefits and costs using test in place at the time the decision was made
	determine whether proposed utility decision is appropriate	Prospective review	compare benefits and costs using test currently in place

DER impacts (value streams, inputs, and methods) should be consistent across these contexts …

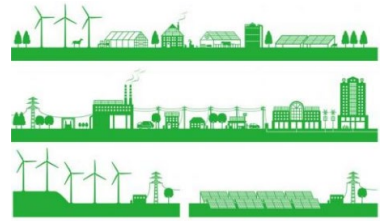
U-240281 focuses on planning context

Three Tiers of DER Analyses

WA UTC U-240281 focus →

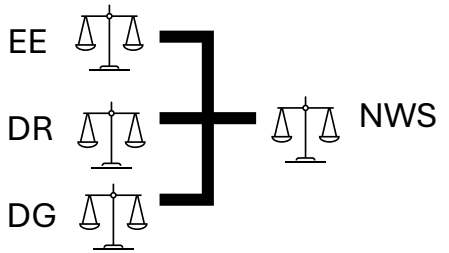
Level Three: Multiple DERs + Utility System

- Involves assessing *multiple DER types* relative to a *dynamic set* of alternative resources, with goal of optimizing both DERs and utility-scale resources



Level Two: Multiple DERs

- Involves assessing *more than one DER type* at the same time relative to a *static or dynamic* set of alternative resources



Level One: Single DER

- Involves assessing *one DER type* in isolation from other DER types, relative to a *static* set of alternative resources

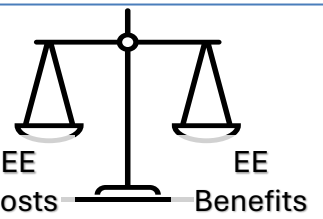


Image Source: Modified from LBNL (2018). A Framework for Integrated Analysis of Distributed Energy Resources: Guide for States.

Principle #2: Align BCA with Relevant Policies

- Regulators are guided by policies:
  - Basic objectives such as reasonable costs to consumers, reliability, safety, etc.
  - Jurisdictions also invest in energy resources for a range of other reasons (e.g., environmental goals, public health, economic development, etc.).
  - DER (and other utility resource) investments affect the costs, timeframe, and ability to achieve policy goals.
- Therefore…. the JST should inform and guide resource choices to ensure alignment with established policies.
- Other related points:
  - Energy and other applicable policy goals evolve over time. Therefore, a jurisdiction's cost-effectiveness test(s) may need to periodically evolve as well.
  - In some cases, a jurisdiction may have different policy goals for different DER types.

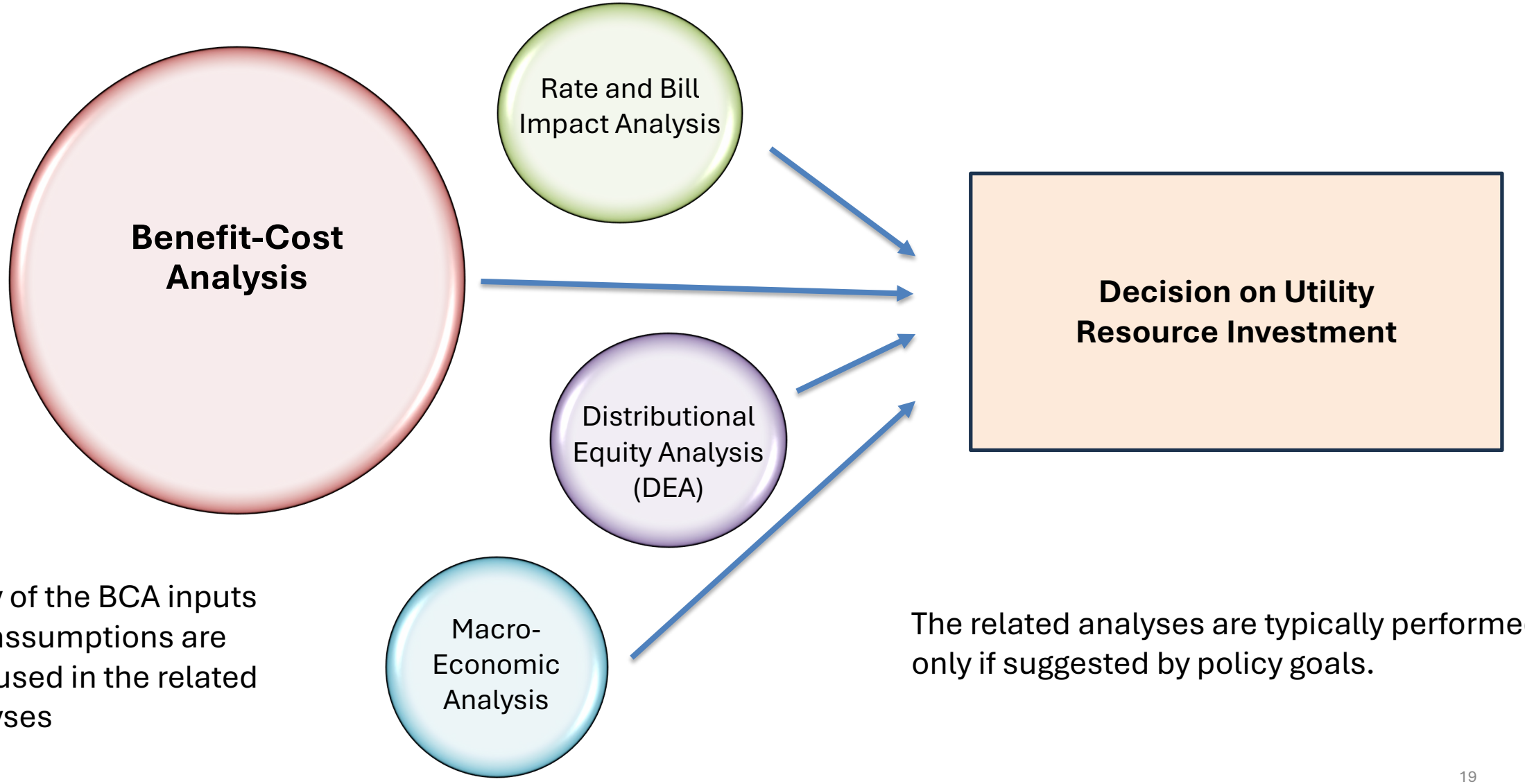
Principle #8: Conduct BCA Separately from Rate Impact Analysis

The two analyses answer different questions

	Benefit-Cost Analysis	Rate Impact Analysis
Purpose	To identify which DERs utilities should invest in or otherwise support on behalf of their customers	To identify how DERs will affect rates to assess equity concerns
Questions Answered	What are the future costs and benefits of DERs?	Will customer rates increase or decrease, and by how much?
Results Presented	• Cumulative costs (PV$) • Cumulative benefits (PV$) • Cumulative net benefits (PV$) • Benefit-cost ratios	• Rate impacts (c/kWh, %) • Bill impacts ($/month, %) • Participation rates (#, %)

The Rate Impact Measure (RIM) Test is sometimes used for BCA purposes, but combining the two analyses makes it difficult to answer either question (future impacts of DERs or rate impacts).

Relationship between BCA and Complementary Analyses



Many of the BCA inputs and assumptions are also used in the related analyses

The related analyses are typically performed only if suggested by policy goals.

BCA vs Complementary Analyses

These analyses are complementary and, therefore, should be conducted separate as they answer different questions:

- **Benefit Cost Analysis**: *Will net costs go up or down due to DER investment? BCA indicate impacts on average across utility customers.*
- **Rate and Bill Impact Analysis**: *Will rates (for different customer sectors) go up or down?*

If equity and/or economic development are EE related policy goals, then consider:

- **Distributional Equity Analysis**: *How will the benefits of the DER investments accrue to priority populations (e.g., disenfranchised communities) relative to other utility customers?*
- **Economic Development Analysis**: Will local (state, regional, etc.) economies or specific economic indicators (e.g., job counts) improve *due to DER investment?*

Questions?

Straw Proposal for Washington BCA Test

Developed in Docket UE-210804 (2022)
Through a Stakeholder Process
Based on the NSPM Principles and Five-Step Process

NSPM 5-step Process

Defining a Primary Cost-Effectiveness Test

STEP 1 **Articulate Applicable Policy Goals**

Articulate the jurisdiction's applicable policy goals related to DERs.

STEP 2 **Include All Utility System Impacts**

Identify and include the full range of utility system impacts in the primary test, and all BCA tests.

STEP 3 **Decide Which Non-Utility System Impacts to Include**

Identify those non-utility system impacts to include in the primary test based on applicable policy goals identified in Step 1:

- Determine whether to include host customer impacts, low-income impacts, other fuel and water impacts, and/or societal impacts.

STEP 4 **Ensure that Benefits and Costs are Properly Addressed**

Ensure that the impacts identified in Steps 2 and 3 are properly addressed, where:

- Benefits and costs are treated symmetrically;
- Relevant and material impacts are included, even if hard to quantify;
- Benefits and costs are not double-counted; and
- Benefits and costs are treated consistently across DER types

STEP 5 **Establish Comprehensive, Transparent Documentation**

Establish comprehensive, transparent documentation and reporting, whereby:

- The process used to determine the primary test is fully documented; and
- Reporting requirements and/or use of templates for presenting assumptions and results are developed.

NSPM Process Used to Identify Relevant Impacts Based on Priority Policies

WA Test Straw Proposal included all categories of impacts covered under two umbrella policies:

- Clean Energy Transformations Act (CETA)
- Climate Commitment Act (CCA)

Impact type	Impact category	**Electric policy, statute, or decision**	**Gas policy, statute, or decision**
Utility System	**Electric Utility System (or Gas Utility) Impacts**	Clean Energy Transformation Act, Climate Commitment Act- all DERs	Climate Commitment Act - all DERs
Other Fuels	**Other Fuels (gas, oil, propane)**	CETA, CCA - all DERs	CCA - all DERs
Societal	**Resilience**	CETA, CCA - all DERs	CCA - all DERs
	Energy Security	CETA, CCA - all DERs	CCA - all DERs
	GHG Emissions	CETA, CCA - all DERs	CCA - all DERs
	Other Environmental	CETA, CCA - all DERs	CCA - all DERs
	Public Health	CETA, CCA - all DERs	CCA - all DERs
	Economic Development/ Jobs	CETA, CCA - all DERs	CCA - all DERs
	Energy Burden/Equity	CETA, CCA - all DERs	CCA - all DERs
Host Customer	**Host Customer (non-low Income)**	CETA, CCA - all DERs	CCA - all DERs
	Host Customer Low-Income	CETA, CCA - all DERs	CCA - all DERs

WA Cost-Effectiveness Test Straw Proposal
November 2022 – Summary

Impact Type	Impact Category	Impact
Utility System	Electric Utility System	All
	Gas Utility System	All
Non-Utility System	Other Fuels (Oil, Propane, Wood, Gasoline)	Commodity
		Environmental Compliance
		Market Price Effects
	Host Customer	Energy Impacts
		Non-Energy Impacts
		Low-Income Non-Energy Impacts
	Societal Impacts	Greenhouse Gas Emissions
		Other Environmental
		Public Health
		Economic and Jobs
		Energy Security
		Energy Equity
		Resilience

Which elements of the straw proposal are appropriate for use in the cost test as required in RCW 80.86?

We discuss in next section in context of Decarbonization Act…

Decarbonization Act

And Overview of Draft Integrated System Planning Rules

Decarbonization Act: Overarching Policy Goals/Objectives

From RCW 80.86.010. Findings and Intent

It is the intent of the legislature to require large combination utilities to decarbonize their systems by:

(a) Prioritizing efficient and cost-effective measures to **transition customers programs and the direct use of fossil fuels** at the **lowest reasonable cost** to customers;

(b) investing in the **energy supply, storage, delivery, and demand-side resources** that will be needed to serve any increase in electrical demand affordably and reliably;

(c) maintaining **safety** and **reliability** as the **gas system undergoes transformational changes**;

(d) integrating **zero-carbon** and **carbon-neutral fuels** to serve high heat and industrial loads where electrification may not be technically feasible;

(e) **managing peak demand** of the electric system; and

(f) ensuring an **equitable distribution** of benefits to, and **reduction of burdens** for, vulnerable populations, highly impacted communities, and overburdened communities that have historically been underserved by utility energy efficiency programs and may be disproportionately impacted by rising fuel and equipment costs or experience high energy burden.

Integrated System Planning Rules: Summary

- Consolidates multiple planning processes: electric IRP, gas IRP, clean energy implementation planning (CEIP), and electrification of transportation.
- Commission must evaluate whether the ISP is in the public interest and includes the following:
  - Public health, economic development, environmental benefits, and the reduction of costs and risks
  - Equity
  - Energy security and resiliency
  - Reduction in greenhouse gas emissions
  - Reliability

Cost Test Rules

The Cost Test rule requirement is embedded within the ISP Rules

Section RCW 80.86.020(10) requires:

The commission shall establish by rule a **cost test** for

- **emissions reduction measures** achieved by large combination utilities
- to comply with **state clean energy and climate policies**.
- …for the purpose of determining the **lowest reasonable cost** of **decarbonization and electrification measures in integrated system plans**, at the portfolio level, and
- for any other purpose determined by the commission by rule.

Key Definition: Lowest Reasonable Cost

The **lowest cost mix** of **demand-side** and **supply side** resources and **decarbonization** measures determined through a **detailed and consistent analysis** of a **wide range** of commercially available resources and measures.

At a minimum, this analysis must consider **long-term** costs and benefits, market-volatility **risks**, resource **uncertainties**, resource **dispatchability**, resource effect on **system operation**, the risks imposed on the large combination utility and its ratepayers, **public policies regarding resource preference** adopted by Washington state or the federal government, the cost of **risks** associated with **environmental effects** including potential spills and emissions of **carbon dioxide**, and the need for **security of supply**.

The analysis of the lowest reasonable cost must describe the large combination utility's combination of planned resources and related delivery system infrastructure in compliance with chapters 19.280, 19.285, and 19.405 RCW.

Key Definition: Cost-Effective

Cost-effective means that a project or resource is, or is forecast to:

(a) be **reliable and available** within the time it is needed; and

(b) **reduce greenhouse gas emissions** and **meet or reduce the energy demand or supply** an equivalent level of energy service to the intended customers

at an estimated **long-term incremental system cost** no greater than that of the least-cost similarly reliable and available alternative project or resource, or any combination thereof,

including the **cost of compliance** with chapter 70A.65 RCW, based on the forward allowance ceiling price of allowances approved by the department of ecology under RCW 70A.65.160

Key Definition: System Cost

System cost means actual direct costs or an estimate of all direct costs of a project or resource over its effective life including, if applicable:

The costs of **transmission** and **distribution** to the customers;

waste disposal costs;

permitting, siting, mitigation, and end-of-cycle decommissioning and remediation costs;

fuel costs, including projected increases;

resource **integration and balancing costs**; and

such quantifiable **environmental** costs and benefits and other **energy and nonenergy benefits** as are directly attributable to the project or resource, including **flexibility**, **resilience**, **reliability**, **greenhouse gas emissions reductions**, and **air quality**

Resources to Consider in Determining Lowest Reasonable Cost

Utility-scale supply-side

- Electric: generation, transmission, distribution, grid modernization
- Gas: energy, transportation, distribution, storage, LNG, RNG
- Procurements

Distributed energy resources

- EE, DR, DG, storage, electrification, EVs, rate design
- Non-wires alternatives, non-pipe alternatives, virtual power plants

Third-party resources

- Customer driven
- Market driven

In sum, the ISP rules require consideration of all potential energy resources options, regardless of whether they are primarily for “decarbonization.”

Impacts to Consider When Determining Lowest Reasonable Cost (1)

Utility System Impacts

Type	Electric Utility System Impact
Generation	Energy Generation
	Capacity
	Environmental Compliance
	RPS/CES Compliance
	Ancillary Services
Transmission	Transmission Capacity
	Transmission System Losses
Distribution	Distribution Capacity
	Distribution System Losses
	Distribution O&M
	Distribution Voltage
General	Financial Incentives
	Program Administration
	Utility Performance Incentives
	Credit and Collection
	Risk
	Reliability
	Resilience

Type	Gas Utility or Other Fuel Impact
Energy	Fuel and Variable O&M
	Capacity
	Environmental Compliance
	Market Price Effects
General	Financial Incentives
	Program Administration Costs
	Utility Performance Incentives
	Credit and Collection Costs
	Risk
	Reliability
	Resilience

Impacts to Consider When Determining Lowest Reasonable Cost (2)

DER Host Customer Impacts

Impact
Host portion of DER costs
Interconnection fees
Risk
Reliability
Resilience
Tax incentives
Non-energy Impacts (NEIs)

Non-Energy Impacts
Transaction costs
Asset value
Productivity
Economic well-being
Comfort
Health & safety
Empowerment & control
Satisfaction & pride

Impacts to Consider When Determining Lowest Reasonable Cost (2a)

DER Host Customer Impacts

- Whether to include host customer impacts is based on a jurisdiction's policy goals
- The Decarbonization Act is clear that low-income customers should be considered, but there is no direct language in the act that refers to non-low-income host customers.
- It is therefore helpful to look at other applicable policies and existing practice to inform whether to include non-low-income host customer impacts:
  - CETA: *NEW SECTION. Sec. 1. (1) The legislature finds that Washington must address the impacts of climate change by leading the transition to a clean energy economy. One way [is to] …**ensuring that the benefits of this transition are broadly shared throughout the state.***
  - Nov. 2022 WA Cost-Effectiveness Test Straw Proposal includes host customer impacts
  - The Northwest Power and Conservation Council (NWPCC) definition of cost-effective energy efficiency includes host customer impacts
- Points to consider:
  - The NSPM principle of symmetry requires both host customer costs and host customer benefits (including non-energy) be included in the test

We recommend that host customer impacts be included in the cost test – do you agree?

Impacts to Consider When Determining Lowest Reasonable Cost (3)

Societal Impacts - examples

Impact	Description
Resilience	Resilience impacts beyond those experienced by utilities or host customers
GHG Emissions	GHG emissions created by fossil-fueled energy resources
Other Environmental	Other air emissions, solid waste, land, water, and other environmental impacts
Public Health	Health impacts, medical costs, and productivity affected by health
Energy Security	Energy imports and energy independence

Impacts to Consider When Determining Lowest Reasonable Cost (4)

Impact	Description
Equity	Equitable distribution of burdens and benefits
Macroeconomic Impacts	Incremental economic development and job impacts
Rate Impacts	Long-term increases or decreases in rates relative to alternative scenarios

These impacts are best accounted for using analyses that are separate from the core BCA.

Recommended Impacts to Include in Cost Test Based on Applicable Policy Goals

Impact Type	Impact Category	Impact	Straw Proposal	Decarbonization Act
Utility System	Electric Utility System	All (generation, transmission, distribution, general)	All	All
	Gas Utility System	All (energy, transmission, distribution, general)	All	All
Non-Utility System	Other Fuels	Yes (Oil, Propane, Wood, Gasoline)	Yes	Yes
	Host Customer	Energy Impacts	Yes	Yes
		Non-Energy Impacts	Yes	Yes
		Low-Income Non-Energy Impacts	Yes	Yes
	Societal Impacts	Greenhouse Gas Emissions	Yes	Yes
		Other Environmental	Yes	Yes
		Public Health	Yes	Yes
		Economic and Jobs	Yes	Yes*
		Energy Security	Yes	Yes
		Energy Equity	Yes	Yes*
		Resilience	Yes	Yes

**Economic impacts and equity are complementary analyses*

We recommend that all impacts be included in the cost test – do you agree?

Existing Planning Practices: High-Level Summary

Energy Efficiency Cost-Effectiveness

- Required to use Northwest Power Planning Council screening method
- Based on the total resource cost test including carbon costs

Electric Integrated Resource Plan

- Uses Aurora model to identify preferred portfolio
- Analyses DERs in "suites" and ranked using total resource cost test, GHG benefits, and other criteria
- Accounts for resource targets and constraints
- Uses customer benefit indicators that allow for scoring based on equity and other goals
- Considers economic, health, and environmental benefits separately from the IRP

Gas Integrated Resource Plan

Pipeline Replacement Plan (data)

Clean Energy Implementation Plan

- Includes targets for renewable energy, non-emitting generation, energy efficiency, demand response
- Requires equitable distribution of energy and non-energy benefits
- Uses customer benefit indicators that allow for scoring based on equity and other goals

Electrification of Transportation Plan

There are many "stages" in the process of selecting resources.

We use the term stage to refer to any point where resources are screened, targets are set, resources are ranked, portfolios are evaluated, or a preferred portfolio is chosen.

Each stage is, or could be, informed by a BCA/DEA/other metrics or analysis.

The consultant team will meet with PSE next week to get more details on the existing planning practices.

New Planning Requirements: High-Level Summary

Many of the existing planning practices can continue to be used for integrated system planning but may need to be modified to account for new requirements:

- Consolidate planning practices
- Assess electrification measures
  - Integrate electric and gas planning
  - Integrate electric and transportation planning
- Meet decarbonization goals
- Apply a "cost test" to achieve lowest reasonable cost, i.e., a **"cost test framework"** where the framework should:
  - Include the wide range of resources discussed above
  - Include the wide range of impacts discussed above
  - Ideally be applied at each stage in the analysis
    - Screening for energy efficiency and other DER types
    - Setting resource targets
    - Assessing electrification options
    - Assessing and accounting for customer benefit indicators
    - Any other key stages in the planning process

For Discussion at the Next Technical Conference

- Identify the key stages of the current planning processes
- Review the cost test framework for each state in the current process
  - Which resource types are accounted for?
  - Which impacts are accounted for?
- Discuss what stages will be included in the integrated system planning process
  - At a very high-level. Rules do not need to address the details.
- For each stage of the ISP process, discuss how it will meet the cost test framework
  - Which resource types are accounted for?
  - Which impacts are accounted for?
- Discuss which resource impacts should be accounted for separately, for example:
  - Rate impacts
  - Macroeconomic impacts
  - Equity impacts

Questions?

Next Steps

- Written comments in response to the 9/27/24 Notice accepted until 10/18/24
- Second Technical Conference 10/29/24
  - Notice issued by 10/18/24, comments accepted until 11/15/24
  - Topics include:
    - Potential Framework for Identifying Lowest Reasonable Cost Portfolio
    - How the cost test will be used to determine the lowest reasonable cost of decarbonization measures
    - Use of cost test in the context of the ISP and optimization of electric and gas resources

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July 1, 2025	Statutory Rulemaking Deadline

Thank you!

Tim Woolf – twoolf@synapse-energy.com
Courtney Lane – clane@synapse-energy.com
Julie Michals – jmichals@e4thefuture.org