

**EXH. KKD-__Xr
DOCKET UE-210795
2022 PSE CEIP
WITNESS: KARA K. DURBIN**

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of
PUGET SOUND ENERGY, INC.
2021 Clean Energy Implementation Plan

Docket UE-210795

REVISED

EXHIBIT TO THE CROSS-EXAMINATION OF

KARA K. DURBIN

ON BEHALF OF NW ENERGY COALITION AND FRONT AND CENTERED

January 27, 2023

UE-210795



Re: Front and Centered Comments on Puget Sound Energy 2021 Draft Clean Energy Implementation Plan pursuant to WAC 480-100-640 (Docket UE-210795)

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE, Lacey, WA 98503
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COMMISSION

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Dear Amanda Maxwell:

Thank you for the opportunity to weigh in on the Commission's considerations on utility funding for organizations to participate in Commission proceedings (Docket U-210795), ie. PSE's CEIP.

Front and Centered is a climate justice coalition of organizations led by and serving communities of color in Washington. Our mission is to advocate for the interests of frontline communities, who are first and worst impacted by the climate crisis, in advocating for a just transition from an extractive to a regenerative economy. We have been following the implementation of the Clean Energy Transformation Act (CETA) and are offering these comments on Puget Sound Energy's (PSE) Clean Energy Implementation Plan (CEIP) in support of an equitable transition to 100% clean energy in Washington and to encourage policies and practices that center the interests of impacted communities in decision-making.

Comment Summary

PSE's CEIP proposes a resource plan and timeline for shifting off of GHG emitting power sources to renewable in the CETA timeframe, and the assurances to conduct this transition in an equitable manner are encompassed in the discussion of the Customer Benefits Indicators (CBIs). Front and Centered is concerned that the substantive analytical and design work needed to connect the stated intention to actions is shallow and needs to be reinforced. The draft CEIP demonstrates that PSE has undergone work to align the transition plan with equity objectives.

The CBIs have been in development at least since PSE's Integrated Resource Plan filed earlier this year, and they remain largely the same with additional detail around metrics and applications. Yet the CEIP does not sufficiently speak to the reasoning and structure of the proposed mechanisms to secure the equity objectives. For example, the draft CEIP offers distributed energy resource planning as an approach to benefitting customers in named communities through localized generation and economic opportunities; but there is little discussion of how battery leasing and rooftop solar programs will result in improved participation, jobs creation, home comfort, affordability, emissions reduction, demand response, pollution reduction, improved community health, fewer outages, and greater customer access to emergency power.

By not including baselines and critical design elements for the proposed applications of the CBIs, PSE's plan by and large fails to account for how the company will manage the benefits and mitigate the burdens of the transition to communities at large. Attributes of named communities are discussed extensively, demonstrating PSE's recognition of the diverse characteristics of customers sensitive to the material risks and harmful impacts of poorly planned services and programming. The final CEIP must name clear elements of an equitable distribution process to reach these customers and highly impacted communities and produce measurable beneficial outcomes. As the largest energy utility in Washington, PSE's operations significantly impact health, wealth, comfort and security within and beyond their customer base. The company must set a higher bar with this CEIP and plan to reach and exceed it to secure a just transition to 100% clean energy Washington.

We recommend the following for the CEIP:

1. Name communities first and then explain how the Customer Benefit Indicator list and its application as an evaluation tool will provide benefits and reduce burdens for those named
2. Include baselines and narrative and analysis for how they are determined and will be tracked over the course of the compliance period
3. Refine the CBIs to include a greater depth of understanding about what they mean, and to which populations, as well as a wider breadth of energy and non-energy impacts with clear long and interim term targets
4. Provide greater clarity around the methodology for applying the CBIs to investment and resource decisions
5. Adopt principles for an equitable distribution of benefits and reduction of burdens applicable to utility energy operations broadly
6. Address how Specific Actions adopted to attain equity targets will be designed with an actionable accountability framework

Participation opportunities in planning are frequent but consideration varies

The CEIP references how input from customer surveys, advisory group consultation, and direct engagement with key customer and sector stakeholders influence planning decisions. As a member of the PSE Equity Advisory Group, Front and Centered participated in planning

discussions, particularly around customer benefits and harms and risks they face. We also jointly with other concerned groups submitted a list of recommended CBIs and metrics to offer guidance on indicator elements and outcomes to consider. Front and Centered member organizations received regular updates on the planning process and information about opportunities to participate for those in the PSE customer base. PSE is hearing from many interested parties with customer experience, sector knowledge, community familiarity and other unique expertise in the actual and potential reach of PSE's operational decisions.

Yet it has been challenging to participate meaningfully in planning when questions and recommendations are not directly responded to, input is filtered through consultation processes that are not results-oriented, the logical flow between the input and utility takeaways for application to planning is not clear, and participants are not receiving complete information around value calculations related to customer benefits and impacts on communities. For future planning, PSE needs to be more responsive to participant contributions that include alternative perspectives and recommendations to the scenarios that PSE has presents. PSE needs to hear what is challenging and grapple with it directly in order to meaningfully incorporate critical insights from diverse contributors into the planning process. And the learning from public participation processes needs to feed into the company's culture and not be limited to a small team's time bound work output.

Presentation and definition of Named Communities

Front and Centered recommends that PSE place the definitions of highly impacted communities and vulnerable populations at the forefront of its discussion of customer benefit indicators to keep with the intent of CETA.

Though the definitions included in Chapter 3 for highly impacted communities and vulnerable populations are robust, they are placed at the tail-end of the discussion of how customer benefit indicators were selected. The definitions should be placed at the forefront of the conversation, both to set context and to mirror the intentions of CETA to emphasize the consideration of utilities' effects on named communities. In CETA and the regulations utilities are called to identify and distribute benefits and reduce burdens for named communities in their service area [RCW 19.45.040(8), WAC 480-100-640(4)(a-b)]. These definitional requirements come before the requirement that utilities identify and explain their selected mechanism for distributive equity.

Placing the definitions of highly impacted communities and vulnerable populations before discussion of customer benefit indicators helps to (1) center focus on named communities and (2) contextualize discussion of customer benefit indicators. Readers would be able to understand exactly PSE what the company means when they use those terms in discussions of named communities. Further, the positioning of the definitions first would place predominant focus on those terms as they are used throughout the discussion of customer benefit indicators.

PSE adequately explains how it came up with attributes used to define the term "vulnerable populations," but the repetition of statements about PSE's work with EAG on the definitions and

duplicative table material are distracting. In particular, Tables 3-13, 3-14, and 3-16 could be combined into one larger and more comprehensive table. PSE needs to go further in describing, and preferably showing through visual representation, how the defined named communities will be reached in - including an opportunity to map where vulnerable populations are and how they experience their particular sensitivity attributes, in overlay and complement with the assessment of highly impacted communities.

Customer Benefit Indicators need justification and refinement

There is a notable lack of baseline data and narrative description of individual CBIs included in the draft CEIP. This makes it very difficult for the public to comment on the substantive choices that PSE has highlighted in both its identification of CBIs and, as a result, the expected efficacy of the specific actions proposed. While PSE does note that baseline data will be addressed in the 2021 Final CEIP, the lack of inclusion in the draft does not allow for as much public feedback in the development process.

As PSE plans to include baseline data in its Final CEIP, Front and Centered urges PSE to better represent baseline data in an easily accessible format. In particular, PSE should use graphics and detailed narrative descriptions for each individual CBI in a manner that is non-technical and easily comprehended in the body of the plan.

PSE has chosen to focus predominantly on describing the process by which it selected the proposed CBIs. The lack of substantive discussion around each CBI in PSE's draft CEIP means that the public cannot understand how PSE actually interprets the CBIs to function. Even with further discussion of the CBIs in Appendix H, there are few details about how named communities in particular will be served by the indicators, as a planning scheme, scoring mechanism or performance evaluation tool. PSE must develop the narrative and substantive discussion of each individual CBI proposed, including baseline and target figures, as well as a substantive description of the CBI and how PSE understands it to fit into CETAs equity mandate.

Similarly, the methodology for applying CBIs to options for the portfolio of clean energy solutions appears arbitrary and will need to be refined for application to utility investment planning. The draft shows that the CBI assessment of equity values for different options result in some rising to the top, but without any real discussion of how that assessment takes place. The value of customer participation in programs, clean energy jobs, home comfort, affordability of clean energy, emissions, climate impacts, air quality, community health, outages and emergency power access is barely discussed before the prioritization and DER scorecard are presented, with scores determined through an opaque internal process. How does the weighting work? It is not clear that there are values assigned to reaching the highest number of named community customers, or diverse geographic areas, or customers with a mix of particular vulnerability or high-risk attributes, or whether and for how long the benefits distributed will be sustained. PSE needs to connect the value assigned to local generation, education, storage, workforce, contracting, siting, and other areas of investment to measurable, discernible outcomes that are maximally beneficial to named communities in particular and minimally burdensome to customers at large.

PSE's CBIs do not go far enough and can be refined, and the list expanded, to encompass a greater reach of equity performance measures. In addition to setting aspirational targets for generally good and lasting outcomes that PSE would like customers to experience, PSE needs to embed measures to proactively notice and address disparities in program reach in the program design. PSE's approach to data collection and analysis needs to be laid out alongside the forthcoming baseline measurements, within an iterative process to track and understand persistent barriers to access and participation in benefits.

The potential non-energy impacts (NEI) listed in the draft should be incorporated into the CBI list in the CEIP in conjunction with a dedicated cost-benefit valuation through participatory planning and learning and leading on industry-wide standards. The Joint Advocates' recommended list of CBIs offers a number of indicators and metrics associated with an equitable transition that are within PSE's ability to track and improve but are not in the draft, including:

- Reduced Cost Impacts - Energy burden (not just electricity costs)
- Reduced Emissions - Continuous reduction of localized emissions and Electrification
- Outdoor Air Quality - Absences due to related illness, asthma admissions, wood use for heat
- Access to Reliable, Clean Energy - increased distributed energy as a metric, going beyond PSE's Improved participation CBI
- Efficiency - As a CBI metric, not just a part of the Improved participation assessment
- Arrearages, bills, collections, disconnections, credit scores
- Translation services and improved outreach
- Vehicle and transit electrification

Front and Centered recommends that PSE better define and detail the CBIs to draw a clear connection to the outcomes sought, consider additional metrics for their customer benefit indicator framework, and build into their CEIP benchmarks and related accountability mechanisms to set a clear direction for making progress on an equitable transition.

Specific actions need justification for how they will advance equity outcomes

A number of other specific actions proposed by PSE in its draft CEIP lack substantive descriptions of how those programs would actually take shape. For instance, in the discussion of the "Time-varying Rates Pilot Program" on pages 70-72 of the draft CEIP, the language used is particularly abstract ("design and offer rates and programs that consider needs and effects on low-income and vulnerable populations"). While PSE acknowledges that it is still in discussion with stakeholders in order to develop the program further, the lack of substantive description of how the utility actually plans to design and offer programs renders the ability of the public to comment on such programs through administrative methods nonexistent. At best, the language used parrots that of CETA and UTC regulations but adds nothing more.

The CEIP draft proposes specific actions, including a DER solar program, linked to an assessment of Customer Benefits or direct CBI evaluation. But the analyses are underwhelming. How did PSE come up with one program over another? The beneficial character of the proposed

actions appears conclusive without sufficient substantiation. Front and Centered is concerned that the impact on communities - both benefits and burdens - are not discussed in enough depth to conclude that these actions are an effective approach to an equitable transition. While we acknowledge that PSE will know more in the future about costs and program design once they go through RFPs and solicit additional community input, the company should plan for programming that is more clearly oriented to reaching equitable outcomes aligned with all of the proposed CBIs.

The logical thread between proposed actions and outcomes is missing and needs to be supplemented with baselines, targets, and reasoning. PSE should detail in the planning stage how they will offer programs (eg DER build out) that privileges:

- near and long term ownership by community institutions and community solar programs,
- far reaching battery storage solutions at no cost or with deep discounts for named community customers in particularly energy insecure areas,
- program and asset governance mechanisms that are community-led,
- more frequent and public calculations of company-wide emissions and local air quality monitoring data and funding local pollution reduction strategies,
- resources for home comfort inputs directly targeted to the highest impacts and most vulnerable community customers,
- minimum thresholds for employing workers from named communities,
- generating data on customer usage and need with respect to efficiency and assistance measures that facilitates stronger standards and actions to support energy and security and resilience,
- and other mechanisms to secure an equitable distribution of benefits and reduction of burdens.

PSE should adopt more explicit commitments to an equitable transition and include more substantive descriptions of its proposed projects in the final CEIP so that members of the public may offer meaningful feedback and all customers benefit from the transition.

Front and Centered is grateful for the opportunity to comment on this matter and looks forward to further opportunities to engage on this docket. Please contact us if you have any questions or would like to discuss any of our comments.

Sincerely,



Mariel Fernandez Thuraingham
Clean Energy Policy Lead
Front and Centered