UG-210729

WASHINGTON ENVIRONMENTAL COUNCIL

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October 22, 2021

Executive Director and Secretary Amanda Maxwell
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Consideration of whether to continue to use the Perpetual Net Present Value Methodology to calculate natural gas line extension allowances, Docket UG-210729

Dear Executive Director and Secretary Maxwell:

Thank you for the opportunity to provide written comments addressing whether natural gas utilities should continue to use the Perpetual Net Present Value (PNPV) methodology for calculating line extension allowances. As a statewide advocacy organization, the Washington Environmental Council works to develop, advocate, and defend policies that ensure environmental progress and justice by centering and amplifying the voices of the most impacted communities.

The use of fossil natural gas in buildings is responsible for over 12% of Washington's annual greenhouse gas (GHG) emissions[1]. State law mandates that we must reduce GHG emissions to 95 percent below 1990 levels, and achieve net-zero emissions, by 2050. According to the 2021 State Energy Strategy, we cannot meet our GHG emissions limits while continuing our current uses of fossil natural gas. Rather, "a well-planned transition, with clear legislative and regulatory direction, is required to protect the interests of all concerned."[2] As a state, we need to remove existing incentives for new gas use and new gas lines in order to better enable a transition away from the combustion of fossil fuels in buildings.

In addition to the importance of removing incentives for gas use to achieve our state's greenhouse gas emission targets, there is an ongoing issue of customer impact that needs to be addressed. The current PNPV methodology burdens existing customers with the costs and risks associated with line extensions provided to new customers and increases the risk of stranded assets. Additionally, while the Climate Commitment Act will allocate free allowances to existing gas customers, new customers coming into the system will not be covered. This all adds to the burden that the current system adds to already vulnerable customers.

Given the above mentioned issues, we strongly encourage the Commission to order Washington's investor-owned gas utilities to end all line extension allowances. Alongside the termination of these gas incentives, we also encourage the Commission to evaluate whether electric line allowances should be modified to provide greater incentives for building electrification.

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[1] "Washington State Greenhouse Gas Emissions Inventory: 1990-2018" (Washington State Dept. of Ecology, 2020), p. 13.
[2] "Washington 2021 State Energy Strategy" (Washington State Dept. of Commerce, 2020), p. 18.

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Thank you for your ongoing commitment to ensuring that investor-owned utility services are safe, available, reliable, and fairly priced, and thank you for your consideration of our comments on this matter of urgent significance for all Washingtonians.

Sincerely,

Rebecca Ponzio

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