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Kathy Hunter, Acting Executive Director and Secretary
 Washington Utilities and Transportation Commission
 621 Woodland Square Loop SE
 Lacey, WA 98503

**RE: Docket UE-231031 (Advice No. 2023-60)
 Puget Sound Energy's Electric Tariff Revision– Do Not Redocket**

Dear Executive Director Hunter:

Puget Sound Energy (“PSE”) hereby submits in connection with Docket UE-231031 the following revised WN U-60 Electric Tariff sheets as a substitution for the tariff sheet that accompanied its December 20, 2023 filing, submitted under Advice No. 2023-60.

| | | |
|--------------------------|---------------|--|
| 9 th Revision | Sheet No. 150 | Net Metering Services for Customer-Generator Systems |
|--------------------------|---------------|--|

The purpose of this substitute filing is to extend the proposed effective date from January 26, 2024, to February 29, 2024, following discussions with the staff of Washington Utilities and Transportation Commission (“Staff”). This letter also provides additional information to facilitate the Commission’s review of this filing.

RCW 80.60 NET METERING SERVICE PROGRESS

PSE reports twice annually on its cumulative net metered generation capacity. Current publically posted by the Washington State University (“WSU”) Energy Program, based upon the June 30, 2023 data, PSE was at 87% of its 4% peak demand threshold prescribed in RCW 80.60.020 (1)(a)(ii).¹ PSE has been receiving many inquiries from customers and solar installers regarding any plans to end offering net metering services to new customers. With the perceived lack of certainty regarding whether the current structure (as defined in RCW 80.60.030) of net metering services will continue beyond the 4% threshold – the solar installers want to know how they should articulate that uncertainty to customers who want to understand their project payback

¹ Per requirement in RCW 80.60, since July 2019 PSE has been reporting twice annually to the WSU Energy Program the cumulative net metered generation capacity relative to the 4% threshold. WSU publishes this data at <https://energy.wsu.edu/RenewableEnergy/NetMetering.aspx>

cycle. On December 20, 2023, PSE made this administrative tariff filing to clarify that it will continue to offer Schedule 150 Net Metering Services to customers as a stopgap measure until a new different tariff schedule that deviates from RCW 80.60.030 (consistent with RCW 80.60.020(3)(a)(ii)) is approved by the Commission and can be implemented. Allowing PSE's Schedule 150 to sunset will harm customers currently in the queue for actual service and have a chilling effect on the state's solar industry, vendors and distributed energy resource installations.

NEXT STATE-WIDE NET METER SERVICE

In January 2023, Washington House Bill 1427 ("HB 1427") was proposed to raise the net metering requirement to a cumulative generation capacity of 6% of 1996 peak load and to fund a study on the value of solar. Under HB 1427, a joint work group of the Commission and Washington State Department of Commerce would have convened by May of 2024 to focus on the future of net metering rate design in Washington State. However, in April of 2023, it became clear that the bill would not pass, and any funding for a value of solar study was not to be included in the budget. Since the end of HB 1427, PSE has engaged in, and plans to participate in the future in the following efforts:

- In May 2023, PSE reached out to Staff to alert them to the status of PSE's Net Metering program, and to request further clarification on how to proceed after the dismissal of HB 1427.
- On June 26, 2023, PSE, along with Commission staff and other stakeholders, participated in "Net Metering Listening Sessions" led by Spark Northwest, to discuss the future of net metering policy in Washington.
- In June of 2023, PSE entered into a joint funding agreement between numerous Washington State utilities and supporting organizations to conduct a study of the cost impacts of net metering programs on Washington utility ratepayers and to prepare a report summarizing the results. E3 was contracted to conduct the study and PSE participated as a "deep-dive" utility, providing historical data on net metered systems in our service territory. The study, led by the Washington Public Utilities District Association was completed in late 2023. The draft results were presented to all involved parties in December 2023. PSE is still waiting on the final study results.
- August through November of 2023, PSE participated as a member of the corresponding Technical Advisory Group, moderated by Gridworks through a contract with Washington Department of Commerce. This group was tasked with reviewing and providing feedback on E3's study while also co-creating a list of benefits provided by distributed solar systems that should be considered in net metering evaluation.
- For the 2024 Washington state legislative session, a Value of Solar Proviso was proposed that would appropriate \$2,000,000 for the Washington Academy of Sciences to conduct a study to determine the value of distributed solar in Washington including any factors relevant in order to create a methodology that utility regulatory bodies may use in considering what comes after utilities reach the required 4% retail rate net metering.

EQUITY-FOCUSED RENEWABLES

While PSE is engaged in dialogue with other stakeholders on the future of net metering and to assess and design a new program that is inclusive of equity considerations, in order to allow historically underserved customers greater access to the benefits of solar, PSE has introduced several Commission-approved products and services over the past several years.

- Since 2017, PSE has awarded Green Power Solar Grants,² which provide annual funding to nonprofits, public housing authorities and tribal entities for new, net-metered solar installations in PSE’s electric service area. These solar installations allow recipients to save money through lower utility bills, increasing the funding available for them to support low-income and/or black, indigenous and people of color communities. PSE has awarded over \$4,800,000 since 2017 and more than 1.96 million kWh generated annually.
- In late 2021, PSE launched a Community Solar Project service under PSE’s electric Schedule 134.³ Schedule 134 Community Solar Project Services reserves a minimum of 30% of shares for income-qualified customers to participate at no cost. Currently, there are over 1,625 Schedule 134 income-qualified customers.
- The newest tariff addition is Schedule 667, Purchases From Distributed Solar Photovoltaic Systems, which was approved by the Commission in late 2023. Schedule 667 provides up to \$250,000 per Equity-Focused Customer enrollment, for approved projects serving customers in defined Named Communities. The terms “Equity-Focused Customer” and “Named Communities” are defined in Schedule 667 as well in PSE’s Clean Energy Implementation Plan⁴.

As proposed in this filing, PSE is seeking to amend Schedule 150 to continue its availability for new qualified customer-generators, with the terms of net metering compensation as described in RCW 80.60.030, for at least the next two years (until the end of 2025) in order to:

- 1) Allow for further statewide discussion on the Value of Solar in order to inform any future iteration of Net Metering (consistent with RCW 80.60.020(3)(a)(ii)); and
- 2) Provide continued and increased transparency to interested customers and the solar installer community.

The tariff sheet described herein reflects an issue date of December 20, 2023, and effective date of February 29, 2024. Notice and posting of proposed tariff changes, as required by law and the Commission’s rules and regulations, is being completed in accordance with WAC 480-100-193(1). The tariff changes proposed in the filing do not increase recurring charges nor restrict access to the optional services under Schedule 150. No notice is required under the provisions of WAC 480-100-194 or -195.

² <https://www.pse.com/en/green-options/Renewable-Energy-Programs/green-power-solar-grant>

³ <https://www.pse.com/en/green-options/Renewable-Energy-Programs/Community-Solar>

⁴ <https://www.cleanenergyplan.pse.com/>

Kathy Hunter, Acting Executive Director and Secretary

January 18, 2024

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Please contact Mei Cass at mei.cass@pse.com for additional information about this filing. If you have any other questions, please contact me at birud.jhaveri@pse.com.

Sincerely,

/s/ Birud D. Jhaveri

Birud D. Jhaveri
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cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments: Electric Tariff Sheet (listed above)