WASHINGTON PUBLIC UTILITY DISTRICTS ASSOCIATION
WPUDA
YOUR connection

October 18, 2024

U-240281

Received
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Jeff Killip
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
Olympia, WA 98504-7250

Re: Rulemaking required to implement ESHB 1589, Docket U-240281

Dear Mr. Killip:

The Washington Public Utility Districts Association (WPUDA) appreciates the opportunity to comment upon the Washington Utility and Transportation Commission's rulemaking to implement ESHB 1589 under docket U-240281. WPUDA focuses our comments on 3 of the 14 questions (#4, #5, #7) posed by the Commission which could directly or indirectly implicate consumer owned utilities (COU).

Question 4. Definition of "commercially feasible" (RCW 80.86.020(4)(e) and (g)): Commission Staff (Staff) interprets the term "commercially feasible" to be different from the term "cost-effective" as used in the [Energy Independence Act] EIA. Staff interprets "commercially feasible" as related to the Technically Achievable Potential as determined in utility Conservation Potential Assessments (CPA). Further, Staff believes the definition of "commercially feasible" may be an eventual compliance question regarding conservation achievement.

a. Should there be a definition of "commercially feasible"? If yes, please provide proposed definition.

In responding to this question, WPUDA first strongly recommends that UTC regulations follow standard practices among regional utilities and related organizations (e.g., the Northwest Power and Conservation Council) when determining acquisition targets for demand side resources. These processes end with a CPA acquisition **TARGET**; not a list of programs or actions a utility is committed to implement. This distinction is critically important because while the CPA informs the utility of the types of programs to consider, the implementation process may reveal unknow costs or opportunities not evident when the CPA target was adopted. Only by affording utilities the flexibility to respond to new information can it acquire the most beneficial and least costly portfolio of conservation and demand side resources.

The Bonneville Power Administration (BPA)'s 2022 – 2043 Conservation Potential Assessment (July 2021) described the standard three-step process utilities follow to establish their conservation target as follows:

1. **Technical potential** assumes that all technically feasible resource opportunities may be captured, regardless of their costs or other market barriers. It represents the total conservation potential in BPA's service territory, accounting only for technical constraints.
2. **Achievable technical potential** is the portion of technical potential that is assumed to be achievable during the study's forecast period. Achievable technical potential includes assumptions about the maximum possible adoption as well as the pace of annual achievements.
3. **Achievable economic potential** is the portion of achievable technical portion determined to be cost effective by economic optimization modeling or comparing measure costs and benefits with alternative resource options. For BPA, the achievable economic potential is determined by the optimization modeling in the Resource Program, in which bundles of conservation measures are selected based on cost and savings. *The cumulative potential for these selected measures or bundles constitutes BPA's achievable economic potential*.

All this is meant to say that WPUDA asserts that the UTC should consider the term "Commercially Feasible" as a synonym for "Achievable Economic Potential." As such, a planning process that finds a particular program as "Commercially Feasible" should not be viewed as a commitment to implement that program. Utilities should retain the flexibility to acquire that program's savings in other ways.

b. How is "commercially feasible" different from "achievable" cost-effective conservation in the EIA?

In the context of this statute and implementing regulations, WPUDA sees the term "commercially feasible" as having the same meaning as "achievable economic potential."

Question 5. Definitions – general: Are there other definitions within the proposed rules that are missing or need to be changed? If yes, please explain.

WPUDA recommends amending the definition of, and mandates for resource adequacy. Multiple recently released reports indicate that resource adequacy will seriously challenge the region in the near future.[1] It is imperative that the Integrated System Plan (ISP) evaluates multiple scenarios to better reveal the nature of the risks to load service. Furthermore, within the ISP the Integrated Utility must carefully interpret the revealed risks so as to land on a final preferred portfolio that appropriately balances the risks with cost. This will require considerable judgment on the part of the Integrated Utility.

WPUDA recommends that the definition of resource adequacy be amended as follows:

(8) Resource adequacy. The integrated system plan must ~~include an assessment and determination of resource adequacy metrics. It must also~~ identify an appropriate resource adequacy requirement and measurement metrics consistent with RCW 19.405.030

[1] Northwest Regional Forecast of Power Loads and Resources, August 2024 through July 2034, PNUCC, May 2024
2024 Pacific Northwest Loads and Resources Study, Bonneville Power Administration, August 2024
Pacific Northwest Power Supply Adequacy Assessment for 2029, Northwest Power and Conservation Council, August 2024.

through 19.405.050. The integrated system plan must evaluate the preferred portfolio, and identified alternative portfolios, against the identified resource adequacy metrics to determine the risks of insufficiency events.

7. **Outreach to consumer-owned utilities**: Is the language in WAC 480-95-050(2) adequate to ensure communication with consumer-owned utilities, while maintaining sufficient flexibility?

   The language of WAC 480-95-050(2)[2] largely duplicates RCW 80.86.080(1).[3] Integrated utilities are required to work with local consumer-owned utilities when transitioning their natural gas customers to COU electric service. However, WPUDA finds vague the directive to "include a process for outreach by the large combination utility to all consumer-owned utilities providing electric service…". To clarify expectations for this outreach WPUDA asks that the Integrated Utility call a meeting of relevant COUs and interested stakeholders well before the first time it transitions its natural gas customers to COU electric service. The goal of this meeting would be for potentially affected COUs to clarify the information they need to smooth the customer transition away from natural gas and to establish expectations for the timing and content of data sharing from the Integrated Utility.

Thank you again for the opportunity to provide these comments.

Sincerely,

Nicolas Garcia, Policy Director
The Washington Public Utility Districts Association.

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[2] **WAC 480-95-050(2)** When an integrated system plan of a large combination utility proposes geographically targeted electrification of all or a portion of a service area in which the large combination utility provides gas service to such a service area and one or more consumer-owned utilities provide electric service to such a service area, the integrated system plan of the large combination utility must include a process for outreach by the large combination utility to all consumer-owned utilities providing electric service to such a service area. The large combination utility shall provide gas delivery data of sufficient granularity for the consumer-owned electric company to assess the sufficiency of the capacity of the electric distribution system to accommodate the additional load from electrification at the circuit level. This data must be provided at least one plan cycle prior to electrification actions by the large combination utility to allow affected consumer-owned electric companies sufficient time to upgrade electrical distribution equipment and materials as needed to preserve system reliability.

[3] **RCW 80.86.080(1)** When an integrated system plan of a large combination utility proposes geographically targeted electrification of all or a portion of a service area in which the large combination utility provides gas service to such a service area and one or more consumer-owned utilities provide electric service to such a service area, the integrated system plan of the large combination utility must include a process for outreach by the large combination utility to all consumer-owned utilities providing electric service to such a service area. As part of that outreach, the large combination utility shall provide gas delivery data of sufficient granularity for the consumer-owned electric company to assess the sufficiency of the capacity of the electric distribution system to accommodate the additional load from electrification at the circuit level. This data must be provided at least one plan cycle prior to electrification actions by the large combination utility to allow affected consumer-owned electric companies sufficient time to upgrade electrical distribution equipment and materials as needed to preserve system reliability.