

**BEFORE THE
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY

**Clean Energy Implementation Plan
Pursuant to WAC 480-100-640**

DOCKET UE-210795

**POST-HEARING BRIEF OF
PUGET SOUND ENERGY**

FEBRUARY 22, 2023

TABLE OF CONTENTS

	Page
I. INTRODUCTION	1
II. LEGAL STANDARDS	2
A. PSE Must File a CEIP Pursuant to RCW 19.405.060.	2
B. WAC 480-100-640 Sets Forth Required Contents of a CEIP.....	3
III. THE COMMISSION SHOULD APPROVE PSE’S CEIP AS FILED	3
A. The CEIP Builds on PSE’s Most Recent Clean Energy Action Plan and Integrated Resource Plan.	4
B. PSE Balances Incorporation of Customer Benefits and Meaningful Progress on Clean Energy Standards by Staying Within the Two Percent Annual Incremental Cost Threshold.	5
C. The CEIP Establishes Ambitious Yet Achievable Targets.....	9
1. PSE’s interim target is a critical steppingstone towards a carbon- neutral future and should be approved.....	9
2. PSE’s specific targets for energy efficiency, demand response, and renewable energy and distributed energy resources should be approved.....	11
3. PSE’s proposed customer benefit indicators are adequate to assess the equitable distribution of benefits and burdens over this CEIP period.	16
D. The CEIP Sets a Meaningful Start of an Iterative Process.	25
1. The CEIP is one of several processes that allow for public engagement in resource planning.....	25
2. The Commission should consider the timing of the CEIP and other processes going on simultaneously.	28
3. Equity was considered and will be addressed at all stages in the CEIP process.	32
4. PSE used the best available data when creating metrics and analyzing data.	35
E. Public Engagement Efforts Go Beyond the Standards Established in CETA and Commission Rules.	40
1. Engagement ensures equitable distribution of benefits.	40
2. Additional commitments should be forward-looking requirements for the 2025 CEIP.	43
IV. CONCLUSION.....	44

TABLE OF AUTHORITIES

	Page(s)
STATUTES	
RCW 19.280.030(1)(k)	17
RCW 19.285	29
RCW 19.405	1
RCW 19.405.040	6
RCW 19.405.040(1).....	2, 5
RCW 19.405.040(8).....	7, 16, 17
RCW 19.405.050	6
RCW 19.405.050(1).....	2, 5
RCW 19.405.060	2
RCW 19.405.060(1)(a)	2
RCW 19.405.060(1)(b).....	2
RCW 19.405.060(3).....	5
RCW 19.405.060(3)(a)	5
RCW 19.405.120(4).....	22
REGULATIONS	
WAC 480-100-605.....	16
WAC 480-100-610(4)(c)(i).....	17
WAC 480-100-620(10)(c)	17
WAC 480-100-640.....	1, 3
WAC 480-100-640(1).....	2, 3
WAC 480-100-640(c).....	18, 19
WAC 480-100-650.....	35

**TABLE OF AUTHORITIES
(CONTINUED)**

	Page(s)
WAC 480-100-655(2).....	27
WAC 480-107-009(2).....	31
WAC 480-109	29
 OTHER AUTHORITIES	
https://doh.wa.gov/data-statistical-reports/washington-tracking-network-wtn/climateprojections/clean-energy-transformation-act/ceta-utility-instructions	38
<i>In the Matter of Adopting Rules Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act</i> , Dockets UE-191023 and UE190698 (consolidated), General Order R-601 at ¶ 55 (Dec. 28, 2020)	17
<i>In the Matter of Puget Sound Energy's 2020-2029 Ten-Year Achievable Electric Conservation Potential and 2022-2023 Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010</i> , Docket UE-210822, Order 01, Attachment A at Condition 11 (Jan. 18, 2022)	28
<i>Wash. Utils. & Transp. Comm'n v. Puget Sound Energy</i> , Dockets UE-220066, UG-220067, and UG-210918 (consol.), Settlement Stip. and Agree. on Revenue Requirement and All Other Issues Except Tacoma LNG and PSE's Green Direct Program at 29 (Aug. 26, 2022).....	12

I. INTRODUCTION

1. After years of analysis, incorporating feedback, and making numerous substantive changes in response to public comments, Puget Sound Energy (“PSE” or the “Company”) filed its first-ever Clean Energy Implementation Plan (“CEIP”) on December 17, 2021.¹ The CEIP is an ambitious plan to transform PSE’s electric business in an equitable, safe and reliable manner, consistent with the requirements of the Clean Energy Transformation Act (“CETA”, Chapter 19.405 RCW) and applicable regulations (WAC 480-100-640). As discussed in PSE’s prefiled testimony and at the evidentiary hearing, this CEIP makes significant progress towards integrating equity and customer benefit considerations to meet CETA’s clean energy standards. The CEIP reflects robust public participation, thorough analysis of available data, and meaningful engagement with advisory groups to address all necessary elements, including interim targets, specific targets, customer benefit data, specific actions, a narrative description of the specific actions, and projected incremental cost.
2. While the parties’ opinions of PSE’s final CEIP vary, no party to this proceeding advocates outright rejection. Rather, parties request that the Washington Utilities and Transportation Commission (“Commission”) place numerous conditions on approval of the CEIP. PSE does not oppose most of the conditions, but generally urges the Commission to make any approved conditions forward-looking requirements for the biennial CEIP update that PSE will file in 2023 (the “2023 Biennial CEIP Update”), or for the next clean energy implementation plan that PSE will file in 2025 (the “2025 CEIP”).

¹ PSE filed a corrected CEIP on Feb. 1, 2022, which is identified in the record as “PSE 2021 Corrected Clean Energy Implementation Plan.” As used herein, “CEIP” refers to the corrected CEIP.

3. PSE recognizes the urgent nature of our climate crisis and seeks to be part of the solution to build an equitable clean energy future. Approval of this first CEIP is an important milestone in PSE’s efforts to achieve carbon neutrality in its electric supply portfolio by 2030, and to reach 100 percent renewable or non-emitting electric supply by 2045. But to do this, PSE must be able to move forward. For these reasons, PSE seeks a final order from the Commission approving the CEIP as filed, in recognition that supplements and refinements can and should take place in future iterations, as contemplated by CETA and its implementing regulations.

II. LEGAL STANDARDS

A. PSE Must File a CEIP Pursuant to RCW 19.405.060.

4. CETA and WAC 480-100-640(1) direct electric investor-owned utilities, like PSE, to develop a clean energy implementation plan every four years. A CEIP must propose “specific targets for energy efficiency, demand response, and renewable energy,” and interim targets for meeting the statutory clean energy standards by 2030 and 2045, as set forth in RCW 19.405.040(1).² CEIPs must (i) be informed by a utility’s clean energy action plan; (ii) be consistent with CETA’s rules on incremental cost; and (iii) identify specific actions over the next four years that are consistent with a utility’s long-term integrated resource plan (“IRP”) and resource adequacy requirements, and demonstrate progress towards the statutory clean energy standards under (RCW 19.405.040(1)) and (RCW 19.405.050(1)), as well as the clean energy implementation plan’s interim targets.³ The Commission must review a utility’s CEIP and “approve, reject, or approve [it] with conditions[.]”

² RCW 19.405.060(1)(a).

³ RCW 19.405.060(1)(b).

B. WAC 480-100-640 Sets Forth Required Contents of a CEIP.

5. WAC 480-100-640(1) sets forth the Commission’s requirements for a CEIP. It states that a CEIP “describes the utility’s plan for making progress toward meeting the clean energy transformation standards, and is informed by the utility’s clean energy action plan.” The rule then lists the specific elements that must be contained in a utility’s CEIP: (1) interim targets; (2) specific targets; (3) customer benefit data; (4) specific actions; (5) narrative description of specific actions; (6) projected incremental cost, and (7) public participation. As discussed below, parties disagree as to what level of granularity is sufficient for each element at this initial stage of planning, but PSE has presented a CEIP that it believes complies with CETA and the Commission’s requirements.

III. THE COMMISSION SHOULD APPROVE PSE’S CEIP AS FILED

6. The Commission should approve the CEIP as filed because the scope of PSE’s first CEIP, including the level of detail provided, is appropriate and consistent with statutory and regulatory requirements that recognize this as the first step towards implementing the Clean Energy Transformation Act for the 2022–2025 period. *First*, the CEIP builds on PSE’s most recent clean energy action plan and IRP by including new voices and updated analysis to set ambitious goals. *Second*, the anticipated cost of implementing the CEIP—which is estimated at \$450 million over four years, at an estimated 2025 bill impact of \$6 more per month per residential customer—meets the two-percent incremental cost threshold. *Third*, with this CEIP, PSE moves further and faster to a carbon-neutral future than ever before by setting an ambitious yet achievable interim target for renewable and non-emitting energy of 63 percent, which is generally not contested by any party. The CEIP also sets forth specific targets for energy efficiency, demand response, and renewable energy that are reasonable, reflect public feedback,

and show real progress towards meeting the goals of CETA. *Fourth*, the interim and specific targets in the CEIP pursue a lowest reasonable cost approach when considering risk and the application of customer benefit indicators, as required by CETA. These customer benefit indicators are the result of customer and public engagement, track statutory equitable distribution standards, and are adequate to assess the equitable distribution of benefits and burdens over this CEIP period. *Fifth*, this milestone plan reflects a rich public participation process which resulted in substantive changes between the draft and final plan. It incorporates public input and feedback to best ensure affordable, clean electricity, and an electric supply that benefits all customers and minimizes burdens on vulnerable customers. *Finally*, to the extent PSE believed this first CEIP could be improved in future iterations, PSE made specific commitments in Chapter 8 of its CEIP detailing how it would provide improvements as part of its Biennial CEIP update filing later this year.

A. The CEIP Builds on PSE’s Most Recent Clean Energy Action Plan and Integrated Resource Plan.

7. There is no dispute that PSE’s CEIP is consistent with PSE’s most recent Clean Energy Action Plan and IRP, with further improvements arising from timely and meaningful engagement with interested parties, community groups, and the public. Consistent with statutory requirements, PSE used the clean energy action plan in its 2021 IRP as a starting point for drafting its CEIP. Notably, the 2021 IRP used preliminary customer benefit indicators in its planning process for the first time to produce a ten-year clean energy action plan. From there, PSE conducted a robust public participation process to further inform, develop, and refine its CEIP. PSE hosted a series of advisory and public meetings (including convening and engaging the new Equity Advisory Group), engagement with community-based organizations, and customer engagement opportunities (e.g., survey and online open house).

8. PSE filed its draft CEIP on October 15, 2021, initiating this proceeding, Docket UE-210795. Between October and December, multiple parties filed comments on the draft CEIP, including various individuals, the Washington Clean Energy Coalition and Vashon Climate Action Group, Public Counsel, The Energy Project (“TEP”), NW Energy Coalition, and Front and Centered (“NWECC and Front and Centered”). In response, PSE made numerous substantive changes to its draft to incorporate meaningful feedback from interested parties before filing its final 2021 CEIP on December 17, 2021, including changes to its generic resource cost assumptions, modifications to customer benefit indicators, and the addition of baseline data for most of the customer benefit indicators.

B. PSE Balances Incorporation of Customer Benefits and Meaningful Progress on Clean Energy Standards by Staying Within the Two Percent Annual Incremental Cost Threshold.

9. While PSE has proposed achieving clean energy targets as fast as it reasonably can in this CEIP period while staying within the two-percent incremental cost of compliance threshold in RCW 19.405.060(3), actual costs may vary from the estimates provided. Absent Commission guidance to the contrary, PSE plans to move forward to meet the targets and actions outlined in approved CEIP, even if the actual costs of achieving its approved CEIP targets are different than planned.

10. RCW 19.405.060(3)(a) states:

An investor-owned utility must be considered to be in compliance with the standards under RCW 19.405.040(1) and 19.405.050(1) if, over the four-year compliance period, the average annual incremental cost of meeting the standards or the interim targets established under subsection (1) of this section equals a two percent increase of the investor-owned utility's weather-adjusted sales revenue to customers for electric operations above the previous year, as reported by the investor-owned utility in its most recent commission basis report. All costs included in the determination of cost impact must be directly attributable to

actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050.

11. CETA requires PSE to incorporate equitable distribution of customer benefits and burdens and to make reasonable progress on clean energy standards, but no cost guidance was provided for these requirements in CETA or related regulations. Therefore, PSE used the two percent incremental cost calculation to inform a reasonable spending threshold for resource acquisition in this first four-year period.⁴ By making progress now to acquire clean resources up to the two percent incremental cost threshold, PSE mitigates the significant risk of encountering higher prices in future CEIP periods, demonstrates reasonable progress, but does not venture beyond the legislative guidance of an acceptable annual incremental cost.
12. Parties' arguments regarding what should (or should not) be included in the cost calculation suggest that potential clarification of what costs are "directly attributable" to CETA compliance may be helpful in future proceedings. However, for purposes of this proceeding, PSE has been careful to estimate only those costs it believes can be tied directly to actions required to comply with CETA's mandates, and it has thoroughly explained its rationale. For this reason, the Commission should reject any request to deny or condition the CEIP due to a disagreement among the parties as to certain specific costs, where PSE has adequately explained that such costs are directly attributable to compliance because they relate specifically to actions that were accelerated or added to meet the objections of CETA.
13. To explain further, NWECC and Front and Centered express concerns that grid modernization and emergent electric expenditures should not be directly attributable to incremental cost.⁵ And Public Counsel suggests that PSE remove certain distributed energy

⁴ See Durbin, Exh. KKD-1T at 13:4-11.

⁵ See McCloy, Exh. LCM-1T at 7:14-16.

resource enablement and grid modernization costs and corporate marketing and promotional costs.⁶ However, as PSE notes in its CEIP, the Company already excluded its core grid modernization costs—even though they are critical to CEIP implementation—because they are foundational investments that PSE likely would have made to meet expectations that an advanced distributed energy resources (“DER”) enabled grid would eventually be needed.⁷ By contrast, PSE included costs when it had to accelerate or add investments to specifically meet CETA requirements. For example, to meet 2030 CETA targets, which reflected a higher DER and demand response (“DR”) penetration rate than originally anticipated, investments in the Substation Supervisory Control and Data Acquisition were accelerated and, therefore, included in the CETA incremental cost calculation.⁸

14. Certain investments to support an equitable distribution of benefits under RCW 19.405.040(8) were also included in the incremental cost calculation.⁹ For example, PSE included investments in Circuit Enablement to expand DER hosting capacity more equitably and investments in resiliency enhancement to limit outage consequences in named communities.¹⁰ Likewise, PSE included certain costs relating to education and engagement efforts, particularly in named communities, which were informed by advisory group feedback during the CEIP drafting process and which focus on unique and non-traditional ways to reach named

⁶ See Tam, Exh. CDAT-1T at 36:14-37:23. Public Counsel also requests guidance from the Commission on what constitutes incremental cost under CETA. See Tam, Exh. CDAT-1T at 35:9-36:13.

⁷ For example, PSE did not include investments to meet North American Electric Reliability Corporation reliability standards as part of its incremental cost calculation. See Durbin, Exh. KKD-1T at 23:16-18.

⁸ See Durbin, Exh. KKD-1T at 23:19-24:3.

⁹ Staff requests clarification as to whether future incremental cost calculations should include equity-related costs, or a subset of equity costs, in the baseline portfolio. See Snyder, Exh. JES-1T at 20:8-11. PSE did not include equity expenses in its 2021 CEIP No-CETA portfolio for purposes of calculating incremental cost because PSE was following explicit direction provided by the Commission at that time. However, PSE supports Staff’s recommendation for clarification on this issue to inform the 2025 CEIP.

¹⁰ See Durbin, Exh. KKD-1T at 24:4-8.

communities in culturally sensitive ways and reduce barriers to access.¹¹ PSE will need to continue to make significant investments in DER enablement and grid modernization in the coming years, and a portion of those costs will be directly attributable to meeting CETA clean energy and equity standards.

15. Although PSE has projected it will need to spend, on average, at a level equal to a two-percent average annual rate increase to specifically implement CETA, the two-percent incremental cost guidance should not be a cap on recovery for actual costs required to comply with CETA and meet targets. The Commission should reject AWEC's argument that PSE refrain from pursuing its approved targets if doing so would require PSE to exceed the two percent annual cost threshold or risk a finding of imprudence when PSE seeks cost recovery.¹² PSE does not believe this is consistent with the spirit or letter of CETA. Absent explicit Commission direction to the contrary, PSE intends to make every effort to meet its interim and specific targets, once approved by the Commission, irrespective of whether costs to meet its targets are higher or lower than estimated. And PSE will seek recovery of those costs in a future rate proceeding through the Clean Energy Implementation Tracker established in the approved 2022 general rate case settlement.

16. Indeed, PSE has already daylighted for the Commission that challenges that were not as prominent when PSE was developing its draft CEIP in 2021 may, indeed, drive up costs and delay execution.¹³ Using the Annual Technology Baseline cost estimates and assuming a two

¹¹ The proposed plan—which includes multiple, sustained and high-visibility engagement points like in-person events, in-language advertising, social media and website content and partnerships with trusted community organizations—is based on feedback that PSE heard from the Equity Advisory Group. Please see <https://www.cleanenergyplan.pse.com/complete-equity-advisory-group-meetings> for a list of Equity Advisory Group meeting materials.

¹² See Kaufman, Exh. LDK-1T at 9:6-11:13.

¹³ See, e.g., Durbin, Exh. KKD-6T at 17:19-18:6 and Exh. KKD-6T at 6:1-4.

percent level of inflation, PSE estimated its CEIP would cost \$450 million over four years, and that the average bill increase associated with the CEIP would be approximately \$6 per month per residential customer in 2025.¹⁴ However, as PSE begins to implement the plan in an environment where high inflation and cost pressures may continue, that cost is likely to grow much higher. Further, supply chain and permitting issues may impact cost and timing of bringing renewable resources online within the CEIP period. For example, the Company is aware of significant limitations currently in the supply of critical utility infrastructure such as transformers and metering equipment.¹⁵ Irrespective of all these challenges, PSE remains committed to its targets and will make every effort, contractually and otherwise, to secure clean resources within this CEIP period to meet its ambitious proposed targets. However, the process for seeking cost recovery must—as it always has—provide for some flexibility and adaptability, in recognition of realities facing utilities.

C. The CEIP Establishes Ambitious Yet Achievable Targets.

1. PSE’s interim target is a critical steppingstone towards a carbon-neutral future and should be approved.

17. PSE’s interim target to source 63 percent of the Company’s electric supply from renewable or non-emitting resources in 2025 is reasonable and consistent with statutory and administrative requirements. In response to public feedback on the draft CEIP to increase the renewable ramp up rate, PSE set an ambitious goal to source 63 percent of PSE’s electric sales from clean, CETA-eligible energy, like large-scale wind, solar, and distributed solar by 2025. This interim target puts PSE on an ambitious path to meeting CETA’s 2030 and 2045 goals.

¹⁴ See Durbin, Exh. KKD-6T at 5:11-15.

¹⁵ See Durbin, Exh. KKD-6T at 5:19-6:4.

18. Of the multiple parties in this proceeding, only AWEC raises a direct concern with PSE's 63 percent target, pointing to the increased costs associated with meeting renewable energy targets in the CEIP, when compared to PSE's 2021 IRP.¹⁶ While achieving an interim target of 63 percent by the end of 2025 may be more costly in the near term than the glide path proposed in PSE's 2021 IRP,¹⁷ there are significant long-term benefits to taking more aggressive action now. Indeed, as Public Counsel noted, in the long-term, the CEIP portfolio has a lower 24-year levelized cost (\$18.79 million) as compared to the IRP preferred portfolio (\$21 million).¹⁸ Furthermore, the interim target proposed in the CEIP, if approved, may provide additional benefits, such as mitigation of future renewable energy supply chain risks, mitigation of inflationary pressures, as well as taking advantage of federal renewable energy tax incentives.

19. That said, to AWEC's point, PSE acknowledges there is significant uncertainty around the potential cost and availability of renewable energy over the next several years. Increasing rates of inflation coupled with supply-chain issues will likely influence PSE's ability to reach its 63 percent renewable energy target while staying under a two percent annual incremental cost threshold. Given these factors, which are outside of PSE's control, PSE seeks direction from the Commission on how PSE should proceed if actual costs of achieving its approved CEIP targets are markedly different than planned. Absent direction to the contrary, PSE intends to continue to pursue its targets and actions as outlined in an approved CEIP.

¹⁶ See Kaufman, Exh. LDK-1T at 2:5-8, 9:6-11:13. Most interested parties either had no comment on PSE's 63 percent target or generally indicated a desire for PSE to be more aggressive in its acquisition of clean energy resources.

¹⁷ Using IRP data, the CEIP projected an interim target of 56 percent. See Durbin, Exh. KKD-6T at 7:18-8:1.

¹⁸ See Exh. KKD-7 for a copy of PSE's Response to Public Counsel Data Request No. 008, which provides details comparing such costs.

20. In the meantime, PSE’s interim 63-percent target should be approved because it sets a reasonably attainable goal given all reasonably available information and data, while also demonstrating real progress towards a carbon-neutral future.

2. PSE’s specific targets for energy efficiency, demand response, and renewable energy and distributed energy resources should be approved.

21. As a part of achieving carbon neutrality by 2030, PSE also set specific targets for the 2022–2025 period for energy efficiency, demand response, renewable energy, and DER that are ambitious and reasonable given that this is PSE’s first CEIP.

22. PSE’s energy efficiency target is not contested. No party contests PSE’s energy efficiency target of 1,073,434 MWh for 2022-2025, subject to update in 2023 to reflect the 2024-2025 Biennial Conservation Plan. Energy efficiency programs and actions are critical to meeting CETA’s goals because they reduce the amount of electricity used by customers to meet their energy needs, reduce customers’ carbon footprints, lower bills, and reduce the overall electric supply need.

23. PSE’s demand response target was reasonable at the time of PSE’s CEIP analysis, and it will be updated soon in PSE’s 2023 Biennial CEIP Update. PSE’s demand response target was reasonable at the time it was preparing the CEIP and consistent with CETA, which contemplates iterative progress reports. Demand response programs and action can reduce the demand on the system during peak events which, in turn, decreases the need for peaking capacity and use of emitting resources to meet load. For this reason, PSE acknowledges the importance of demand response programs and set a specific demand response target of 23.7 MW by 2025 in this CEIP.

24. Based on an evaluation of demand response in its current Targeted Distributed Energy Resources Request for Proposals, PSE anticipates the demand response target will increase to at least 60 MW in the 2023 Biennial CEIP Update. As PSE’s resource development progresses, the

Company will learn much more about its service territory's true market potential. PSE anticipates even further progress in demand response in its 2025 CEIP, as is consistent with the iterative nature of the rules and resource planning in general.

25. It would impede progress to require PSE to revise and refile its CEIP to harmonize its demand response target with PSE's 2022 general rate case settlement performance incentive mechanism of 40 MW by 2024, as requested by Public Counsel.¹⁹ Further, while PSE fully anticipates achieving a demand response target above 23.7 MW by 2025, the figure established in the 2022 general rate case settlement is not a target, but a performance *incentive* mechanism agreed upon by the parties of a separate proceeding for a different purpose. The demand response target and performance incentive mechanism do not require harmonization because there is no conflict or contradiction between the two measures. Given that CETA already requires iterative updates on a utility's CEIP, the Commission should evaluate a CEIP based on the best-known information at the time of its creation.

26. Future filings provide ample opportunity to evaluate and require requested adjustments. For example, NWECA and Front and Centered expressed concern that PSE's demand response target was too low due to errors in PSE's analysis.²⁰ They allege that PSE was only considering winter demand response and undervalued the capacity associated with demand response.²¹ But PSE is a winter-peaking utility. Accordingly, PSE uses the *winter* planning reserve margin to meet annual peak capacity needs in the resource adequacy study to meet the *annual* reliability

¹⁹ See Dahl, Exh. CDAT-1T at 19:5-10, citing *Wash. Utils. & Transp. Comm'n v. Puget Sound Energy*, Dockets UE-220066, UG-220067, and UG-210918 (consol.), Settlement Stip. and Agree. on Revenue Requirement and All Other Issues Except Tacoma LNG and PSE's Green Direct Program at 29 (Aug. 26, 2022).

²⁰ See McCloy, Exh. LCM-1T at 42:5-45:9.

²¹ See McCloy, Exh. LCM-1T at 42:21-43:8.

standard.²² For those reasons, it is appropriate for PSE to measure and evaluate winter demand response capacity contributed by demand response resources. PSE maintains this methodology—which is the same methodology employed in PSE’s 2021 IRP—is reasonable. However, consistent with interested party feedback, PSE’s 2023 Electric Progress Report will incorporate seasonal planning standards. Adjustments based on the 2023 Electric Progress Report can be reflected in the 2023 Biennial CEIP Update, which is ultimately the more appropriate mechanism by which to refresh and update this analysis.

27. PSE’s renewable energy target and DER subtarget are ambitious and reasonable. PSE’s renewable energy target is uncontested by all parties except AWEC,²³ and PSE’s distributed energy resources subtarget is sufficiently detailed for this first CEIP. As noted above, PSE set an interim renewable energy target of 63 percent of retail sales by 2025, totaling approximately 11,381,593 MWh. This interim target was largely uncontested. PSE also set a subtarget for DERs that is reasonable and informed by PSE’s IRP.

28. In particular, the preferred portfolio in PSE’s 2021 IRP included distributed energy resources—specifically, distributed solar programs and distributed battery storage—but did not fully consider feasibility or program design. In this CEIP, after analyzing feasibility, benefits, and risk mitigation of distributed solar and battery programs, PSE adopted an initial sub-target of 80 MW of new distributed solar resources. This subtarget was primarily based on: (1) PSE’s analysis of IRP resources with an initial set of customer benefit indicators and (2) a determination by PSE that a moderate level of initial DER acquisition was appropriate given the need to gain experience with distributed energy resources in order to scale-up in the future.²⁴

²² See Durbin, Exh. KKD-6T at 9:11-18.

²³ See Kaufman, Exh. LDK-1T at 8:9-10.

²⁴ See Durbin, Exh. KKD-1T at 16:10-17.

29. However, knowing that further development is required and in furtherance of fulfilling PSE's proposed DER subtarget, PSE issued a DER Request for Information and a Targeted DER RFP to ascertain what products and other offerings the market was ready to provide and what products PSE might need to pursue to fill gaps between offerings from market participants and objectives included in CETA or suggested by interested parties.²⁵

30. Most parties are generally in support of PSE's subtarget. NWECC and Front and Centered indicate general support for PSE's proposed DER subtarget.²⁶ Staff recommends approving the distributed energy resources subtarget of 80 MW with the condition that PSE work with the Equity Advisory Group and one or more new advisory groups to develop a new or revised distributed energy resources selection process.²⁷ PSE understands and supports engaging with the Equity Advisory Group and other potential advisory groups, such as the Conservation Resource Advisory Group, in the review of product concepts, and these groups are engaged throughout that process.²⁸ But Staff's proposed timeline is unnecessarily aggressive and would potentially cut short a meaningful engagement process. Rather than rush the process to meet an arbitrary deadline of finishing before the 2023 Biennial CEIP Update, PSE believes that a more fruitful result would arise if PSE works with interested parties to identify the most appropriate advisory group for distributed energy resources product consultation and develops a final recommendation

²⁵ See generally Durbin, Exh. KKD-1T at 19:8-21. PSE received a total of 29 offers from 15 unique bidders. As noted in PSE's summary filing, most of the proposals for the 2022 DER RFP were for demand response programs, with three proposals for battery energy storage and one Vendor Service Components proposal for solar. Please see Exh. KKD-3 for a copy of the 2022 DER RFP Summary Report. PSE notes that equity is factored into the RFP evaluation process. This process, which was approved by the Commission in the DER RFP docket, uses the CBIs proposed in the CEIP. PSE is willing to explore with its advisory groups the potential of using different CBIs in future RFP processes. PSE will continue to evaluate these proposals in 2022 and will create a short-list and a combined analysis between the DER short-list and the All-Source RFP short-list. This is anticipated to occur sometime in Q3 or Q4 of 2022. PSE will also consider what products PSE may be best positioned to offer to meet its proposed DER subtarget in light of these initial bids.

²⁶ See McCloy, Exh. LCM-1T at 31:16-18.

²⁷ See Nightingale, Exh. JBN-1T at 3:10-18.

²⁸ See Einstein, TR. 266:19-267:19.

prior to filing the 2025 CEIP. In short, PSE understands—and intends to implement—the recommendation of Staff but suggests that PSE work with the parties on modifications of the advisory group process prior to filing the 2025 CEIP.

31. Public Counsel suggests multiple conditions relating to the distributed energy resources selection process, arguing that this initial process resulted in the selection of more expensive DER programs.²⁹ Public Counsel also suggests that PSE performed an inadequate assessment of current benefits and burdens, especially for named communities, as part of its proposed approach to identify a suite of generic resources.³⁰ Accordingly, among other things, Public Counsel recommends that PSE remove the DER preferred portfolio and results entirely from the CEIP within three months of the final order in this proceeding and “clarify that the DER portfolio of programs and specific actions will be determined after finalizing its assessment of the DER RFP proposals and consulting with stakeholders by the 2023 Biennial CEIP Update.”³¹

32. PSE agrees with the clarification that the 2023 Biennial CEIP Update will provide more specificity about distributed energy resources, but PSE objects to any condition requiring the removal of the distributed energy resource preferred portfolio from the CEIP. The distributed energy resource preferred portfolio in the CEIP is properly illustrative at this stage; it is not definitive.³² For this CEIP, PSE is simply seeking Commission affirmation that PSE’s DER subtarget is reasonable—that is, the proposed pace and anticipated cost of DER acquisition is appropriate for this initial four-year period, knowing that PSE’s 2021 IRP projects a five-fold increase in DER resources by 2045, and PSE needs to begin this journey now. PSE has also committed that it will file specific tariffs for Commission approval for any DER customer

²⁹ See Tam, Exh. CDAT-1T at 16:1-13.

³⁰ See Tam, Exh. CDAT-1T at 15: 21-23.

³¹ Exh. CDAT-3 at 2. See also, Exh. CDAT-1T at 16:4-5.

³² See Durbin, TR. 162:4-8; Durbin, Exh. KKD-6T at 14:14-15.

products prior to implementation and that PSE will engage with customers and interested parties about the design of those products during their development.³³ PSE believes approval of the DER subtarget is critical to making long-term progress, even if the costs of those DERs prove to be higher than utility-scale resources on a per-megawatt basis, because DERs are able to deliver localized customer benefits that utility-scale resources may not.

33. In sum, PSE is not seeking “pre-approval” to pursue any specific DER projects or programs but is seeking approval of its subtarget so it can begin moving forward. To progress towards a future with higher penetration of DERs on its system, it is important that PSE begin to incorporate these resources on its system and learn how they work, while also maturing the process for valuing the nonenergy benefits associated with them.

3. PSE’s proposed customer benefit indicators are adequate to assess the equitable distribution of benefits and burdens over this CEIP period.

34. The Commission should approve PSE’s proposed customer benefit indicators,³⁴ which are reasonable, consistent with statutory requirements, and reflect the themes PSE heard from customers and interested parties regarding the benefits customers want to see as PSE makes this clean energy transition.

35. Under CETA, electric utilities must ensure that all customers are benefiting from the transition to clean energy.³⁵ This includes ensuring (i) equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities; (ii) long-term and short-term public health and environmental benefits and

³³ See Einstein, Exh. WTE-1T at 10:5-9.

³⁴ A CBI is an attribute of a resource or related distribution system investment (i.e., a specific action) associated with equitable distribution requirements. WAC 480-100-605.

³⁵ RCW 19.405.040(8).

reduction of costs and risks; and (iii) energy security and resiliency.³⁶ Customer benefit indicators (“CBI”) are a crucial part of this process because they inform the type and potential mix of distributed energy resources to pursue, customer program designs, and evaluation and selection of utility-scale and distributed resources.

36. Although identifying, measuring, and applying CBIs is a new part of electric resource planning, PSE’s proposed CBIs are not entirely new and are, instead, a result of robust public participation and thorough analysis of available data. Indeed, PSE began this journey in late 2020 when it developed an Economic, Health, and Environmental Benefits Assessment³⁷ for its 2021 IRP. In that assessment, PSE considered energy and nonenergy benefits, reductions of burdens to vulnerable populations and highly impacted communities, long- and short-term public health and environmental benefits, costs and risks, and energy security.³⁸

37. PSE’s customer benefit indicators will necessarily evolve with further information, and CBIs are part of the lowest reasonable cost evaluation. As an analogy, the Commission explained that the purpose of requiring at least one sensitivity in an IRP to model a maximum customer benefit scenario is “to inform highly discretionary decisions by understanding the tradeoff between different resource decisions” and “to promote creative thinking and ensure broad consideration of customer benefit opportunities freely and without any competing considerations.”³⁹

³⁶ RCW 19.405.040(8); WAC 480-100-610(4)(c)(i).

³⁷ See RCW 19.280.030(1)(k).

³⁸ This assessment was informed mainly by the Department of Health’s February 2021 Cumulative Impact Analysis and public feedback collected at the November 2020 IRP meeting.

³⁹ *In the Matter of Adopting Rules Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act*, Dockets UE-191023 and UE190698 (consolidated), General Order R-601 at ¶ 55 (Dec. 28, 2020) (discussing WAC 480-100-620(10)(c)).

38. The eleven customer benefit indicators in the current CEIP are adequate for this first CEIP implementation period. In accordance with CETA's equitable distribution standards, utilities are required to propose at least one CBI associated with energy benefits, nonenergy benefits, reduction of burdens, public health, environment, reduction in cost, reduction in risks, energy security, and resilience.⁴⁰
39. In this CEIP, PSE built on its 2021 IRP and engaged customers, advisory groups, and interested parties to develop eleven customer benefit indicators that address all of these CETA categories.⁴¹ These CBIs include outcomes that reflect customer desires, such as reduced greenhouse gas emissions, cleaner air, better public health, new jobs, or different ways for customers to get their electricity.⁴²
40. The CBIs in the CEIP are the result of months of work and engagement with advisory and customer groups and reflect multiple changes recommended by interested parties' feedback at that time.⁴³ For example, in response to public feedback, PSE adjusted the CBI on clean energy jobs and added new metrics.⁴⁴ PSE also added a new CBI on culturally and linguistically accessible program communication.⁴⁵
41. The CEIP adequately defines each customer benefit indicator and their metrics and explains how they will be used to inform which programs and specific actions may be pursued through PSE's resource acquisition processes.⁴⁶ For example, PSE applied the customer-informed CBIs to evaluate and select the DER concept mix to include in the Targeted DER

⁴⁰ WAC 480-100-640(c).

⁴¹ See CEIP at Table 3-6.

⁴² *Id.*

⁴³ See, e.g., CEIP at Table 3-23.

⁴⁴ See CEIP at p. 10.

⁴⁵ *Id.*

⁴⁶ See generally CEIP at Chapter 3; see also CEIP at Table 3-6; Table 7-5; Appendix H.

RFP.⁴⁷ PSE will also include CBIs as part of the evaluation process for demand response and large-scale renewables in the RFPs.⁴⁸ And going forward, PSE will apply these CBIs at the beginning of the resource planning cycle, starting with its 2023 IRP electric progress report.⁴⁹

42. In proposing CBIs and establishing associated metrics, PSE sought metrics that it could reasonably track given the data available. Any additions or changes to CBIs should be forward-looking for inclusion in the 2025 CEIP to allow adequate opportunity for continued public engagement. Indeed, practically speaking, adding new CBIs now or for the 2023 Biennial Update would impede PSE's ability to seek input from the public and advisory groups regarding those CBIs. Even if meaningful engagement could happen that quickly, PSE would also need to finalize the metrics and identify and secure necessary baseline data, which takes time. Further, adding new CBIs now or in 2023 would create inconsistencies with CBIs used in PSE's IRP electric progress report.

43. More fundamentally, the eleven CBIs are appropriate and well-informed for this stage and, to the extent PSE believed the CEIP could be improved in future iterations, PSE has already agreed to conditions outlined in Chapter 8 of the CEIP. Further, PSE will track and measure each customer benefit indicator as it relates to the programs and actions developed in the CEIP. And the Company will continue to work with interested parties and the EAG to identify and develop future customer benefit indicators and data sources for CBI metrics and baseline data.

44. Testimonies of parties to this proceeding expressed many varied opinions on the CBIs. PSE has agreed to many of the suggestions already. For example, for its 2023 Biennial CEIP Update, PSE has already agreed to eliminate the CBI that measures climate change impacts by

⁴⁷ See CEIP at p. 10.

⁴⁸ *Id.*

⁴⁹ *Id.*

multiplying the social cost of carbon by reduced greenhouse gas emissions.⁵⁰ And the Company has agreed to remove directionality language from its CBI metrics and consider including directionality language in its interim goals, in response to Public Counsel’s testimony.⁵¹

45. For PSE’s 2025 CEIP, the Company has already agreed to develop interim targets, in collaboration with its Equity Advisory Group, for all CBIs that PSE has direct influence over. PSE has also agreed to adopt a broader review of resilience in developing resiliency CBIs.⁵² PSE will present ideas to advisory committees for their input as it develops the 2025 CEIP.

46. Further, PSE supports Public Counsel’s recommendation that a uniform list of CETA-relevant CBIs be developed.⁵³ Utilities would benefit from having a common set of CBIs that are tracked over time, and utilities would especially benefit from a uniform framework for applying them. This is not to suggest that electrical companies would not have the ability to propose additional CBIs uniquely tailored to their specific service territory areas or customer bases, but it would likely be beneficial if the Commission were to require some form of uniform CBIs common to all electrical companies.

47. But for some suggestions, there is simply not enough information or guidance to enable PSE to make an informed decision. For example, PSE generally agrees with Staff’s suggestion that refining data and incorporating public feedback is an important part of identifying vulnerable populations.⁵⁴ However, PSE maintains that its method to identify vulnerable

⁵⁰ See Durbin, Exh. KKD-6T at 26:17-18; *see also* Durbin, TR. 159:20-24 (clarifying that PSE is willing to remove that CBI in either the next CEIP or the Biennial Update.).

⁵¹ See Durbin, Exh. KKD-6T at 26:6-13.

⁵² Staff expresses concern that “approximately fifty percent of PSE’s feeders are in named communities, which probably contributes to the findings that named communities may be connected to a more reliable grid than customers as a whole.” Snyder, Exh. JES-1T at 39:13:16. Moreover, Staff argues that SAIDI and SAIFI are system-level metrics “not compatible on an engineering basis with place-specific disparities.” Snyder, Exh. JES-1T at 39:17:18.

⁵³ See Dahl, Exh. CDAT-1T at 9:16-18; *see also* Durbin, Exh. KKD-6T at 23:7-9.

⁵⁴ See Snyder, Exh. JES-3 at 1-2 (Staff Conditions 5 and 12).

populations is reasonable, in that it directly quantifies CETA's definition of vulnerable populations. As explained at the evidentiary hearing during an exchange with Staff's counsel regarding Staff's proposed conditions 5 and 12, PSE is open to data refinements and will continue to have conversations with the Equity Advisory Group and others on ways to identify factors of vulnerability that were not considered in this first CEIP.⁵⁵ But, since Staff's proposed conditions 5 and 12 are a bit vague, PSE would benefit from Commission guidance if it chooses to adopt Staff's proposals. The specific refinements suggested so far by NVEC and Front and Centered witness Roger Colton do not improve upon PSE's methodology, as explained in the prefiled rebuttal testimony of Dr. Austin J. Phillips, Exh. AJP-1T.

48. And other suggestions rejected by the Company either impose statutory requirements that do not exist or set an impossibly high standard at a huge cost to progress. For example, PSE disagrees with Staff's suggestion relating to PSE's cost-reduction CBIs.⁵⁶ The cost-reduction CBIs in the CEIP measure the reduction in median electric bill as (i) a percentage of income for residential customers and (ii) a percentage of income for residential customers who are also energy burdened. Staff disagrees with the focus on medians⁵⁷ and alleges a lack of accountability for PSE.⁵⁸ But there is no suggestion that PSE's cost-reduction CBIs fail to meet the regulatory requirements of CETA. The measurement of medians is a reasonable way to track the data. Furthermore, these metrics do not lack accountability. There are multiple exogenous factors, such as a recession, that are outside PSE's control and will affect these calculations. PSE's cost-reduction CBIs are reasonable.

⁵⁵ See Durbin, TR. 155:4-11.

⁵⁶ See Snyder, Exh. JES-1T at 40:10-43:15.

⁵⁷ See Snyder, Exh. JES-1T at 40:21-41:5.

⁵⁸ See Snyder, Exh. JES-1T at 41:6-18.

49. PSE also disagrees with The Energy Project and other parties' request that the CEIP include CBIs for bill assistance, arrearages, disconnections, and customers with low utility credit scores, among others.⁵⁹ While PSE does have CBIs that relate to affordability and appropriately consider energy burden, CBIs covering energy assistance programs, and associated metrics such as arrearages and disconnections, are outside the resource planning process and are already reported in other proceedings. For example, PSE provides similar reporting to the Department of Commerce through its Biennial Low-Income Assessment pursuant to Section 12 of CETA (RCW 19.405.120(4)), and in the COVID-19 dockets. And similar reporting requirements are required as part of new performance metrics associated with PSE's multiyear rate plan. For this reason, these considerations are understandably not outlined anywhere in the CEIP statutory provisions or rules because there are already existing reporting mechanisms and metrics in other standalone Commission proceedings for tracking disconnections, arrearages, and other data that pertain to affordability. These non-resource topics more appropriately belong in those proceedings—not in a resource-planning document like a CEIP.

50. NWEC and Front and Centered recommend a number of new CBIs and metrics over eight pages of the prefiled response testimony of Lauren C. McCloy, Exh. LCM-1T.⁶⁰ Ms. McCloy further recommends that PSE apply CBIs to utility-scale resources and also suggest that it was inappropriate for PSE to have bidders to the distributed energy resource and All-Source RFPs opine on the effect of their proposals on CBIs.⁶¹ But PSE did consider customer benefit indicators for utility-scale resources in its resource planning and subsequent resource acquisition

⁵⁹ See Shah, Exh. LAS-1T at 13:9-15:4; see also Colton, Exh. RDC-1Tr at 21:13-14; Tam, Exh. CDAT-1T 29:17-18; Snyder, Exh. JES-1T at 43:8-9, and Shah, Exh. LAS-1T at 6:1-2.

⁶⁰ See McCloy, Exh. LCM-1T at 17-25.

⁶¹ See McCloy, Exh. LCM-1T at 16:12-14.

processes.⁶² In the 2021 IRP, an initial set of customer benefit indicators were developed and applied. Considering those customer benefit indicators led PSE to select a preferred portfolio with more DERs.

51. And in this round of RFPs, PSE requested that bidders provide a CETA customer benefit plan as part of their proposal.⁶³ This was an explicit part of the evaluation criteria for each RFP, which were reviewed and approved by the Commission. PSE used this project-specific customer benefit information as part of the evaluation and determination of bids to pursue. PSE recognizes potential to improve this process and is open to suggestions for how to improve its consideration of customer benefit indicators in future RFP processes.

52. NWEC and Front and Centered state that PSE's CEIP does not adequately account for certain energy and non-energy benefits and burdens in its CBIs.⁶⁴ While PSE acknowledges that its CEIP does not track the additional metrics that NWEC would like to see addressed, PSE disagrees that such metrics are required or necessary for this CEIP. Additionally, Mr. Colton appears to underestimate significant limitations inherent to tracking and measuring certain metrics.⁶⁵ Further, regarding extreme heat impacts, PSE's vulnerable population methodology already includes a factor that accounts for heat island effects and adding further elements would likely be duplicative.

53. In proposing CBIs and associated metrics, PSE was careful to select metrics where data was available—either collected by PSE or publicly available—and accurately reflected customer

⁶² See Durbin, Exh. KKD-6T at 20:8-12.

⁶³ See Durbin, TR. 176:21-25; see also Durbin, Exh. KKD-6T at 20:13-19.

⁶⁴ See Colton, Exh. RDC-1Tr at 22:8-10.

⁶⁵ In response to Mr. Colton's interpretation of PSE's Home Comfort CBI (Colton, Exh. RDC-1Tr at 26:10-27:13), PSE notes that it does not have an indoor air quality CBI, although it has an improved home comfort CBI that briefly mentions "indoor air quality" in Appendix H, Table 14 of its CEIP. To clarify, PSE does not currently track air quality in specific homes. Instead, this metric refers to the estimated monetary benefit of avoided illness from PM2.5 pollution from electric generation. PSE has outlined its methodology for arriving at this modeled estimate in Exhibit 2, Supplement 2 of its 2022-2023 Biennial Conservation Plan to the Commission.

experience. By contrast, the readily-available data referenced by Mr. Colton is more generic⁶⁶ and while perhaps useful as context, that data is not comprehensive or robust enough for creating a customer benefit indicator metric.⁶⁷ Furthermore, as outlined in the Prefiled Rebuttal Testimony of Gilbert Archuleta, Exh. GA-1T, gathering data that some people may view as intrusive may discourage participation from the very consumers these programs are intended to benefit.

54. Finally, it is important that the number of CBIs be manageable. The Energy Equity Project Report introduced by Staff witness Jennifer Snyder as Exh. JES-4 recommends starting with a “feasible initial set of 3-7” energy equity measures.⁶⁸ Key takeaways from that report are to “[s]implify whenever possible,” and to “[s]tart with data that is readily available” with the understanding that there will be opportunities to “add complexity or consider more advanced measures in the future.”⁶⁹ In sum, PSE’s customer benefit indicators are appropriate for assessing the equitable distribution of benefits and burdens. PSE urges the Commission to limit the number of CBIs and metrics that are tracked over time in each CEIP to resource related topics and allow non-resource topics such as energy assistance to be handled more holistically in their appropriate, separate proceeding.

⁶⁶ See generally Colton, TR. 296:18-302:16.

⁶⁷ Mr. Colton suggests that PSE could track attributes of housing quality, including quality of the HVAC system, availability of heating, availability of cooling, and physical quality of the house to infer indoor air quality on a geographic basis. Colton, TR. 298:3-299:7. And then one could compare that inference with health data to identify a vulnerable population, such as elderly persons with respiratory issues. *Id.* at 300:2-301:2. But this type of inference simply does not rise to the level of quality data-based analysis PSE has established to track, measure, and understand its other proposed CBIs and vulnerability factors.

⁶⁸ Snyder, Exh. JES-4 at 19.

⁶⁹ *Id.*

D. The CEIP Sets a Meaningful Start of an Iterative Process.

1. The CEIP is one of several processes that allow for public engagement in resource planning.

55. PSE has always understood the CEIP would be an iterative process internally and with interested parties. As discussed above, in developing its CEIP, PSE started with the Clean Energy Action Plan contained in PSE's 2021 IRP, which used preliminary customer benefit indicators in its planning process for the first time.⁷⁰ PSE then conducted a robust public participation process to inform the development of its CEIP.⁷¹ PSE hosted a series of advisory group meetings, including convening and engaging the new Equity Advisory Group, connecting with community-based organizations, hosting opportunities for customer engagement with survey and online open houses, and a PSE-hosted comment period on the draft CEIP.⁷² All of this engagement shaped the final CEIP through the development of vulnerable populations factors, customer-driven customer benefit indicators, and potential programs and actions that reflect customer vision for an equitable clean energy future.⁷³

56. In particular, regular and meaningful engagement with advisory groups has been a core part of the process. PSE's Equity Advisory Group was convened in 2021 to focus on equity, broaden engagement with customers, and consult regularly in the CEIP process.⁷⁴ For example, PSE consulted the Equity Advisory Group on the definition of vulnerable populations, customer benefit indicators, burden and barrier reduction, the equitable delivery of clean electricity benefits, and public participation.⁷⁵ To advance discussions, PSE identified and summarized the

⁷⁰ See Durbin, Exh. KKD-1T at 6:3-4.

⁷¹ See Durbin, Exh. KKD-1T at 6:5-6.

⁷² See Durbin, Exh. KKD-1T at 6:6-10.

⁷³ A more detailed discussion of PSE's public participation activities can be found in Chapter 6 of PSE's CEIP.

⁷⁴ CEIP at p. 189.

⁷⁵ CEIP at p. 192.

meeting objectives for each Equity Advisory Group meeting,⁷⁶ and PSE held nine Equity Advisory Group meetings before it presented the Group's input on the draft CEIP in the tenth meeting. In addition, before filing the Biennial Conservation Plan with the Commission on November 1, 2021, PSE engaged with the public and shared that Plan with the Equity Advisory Group, along with the required Conservation Resource Advisory Group, to more fully inform that process as well.

57. PSE also engaged with other advisory groups in preparing the CEIP, including the Low-Income Advisory Committee and the IRP stakeholders to seek their input.⁷⁷ These advisory groups are familiar with PSE and have important experience in low-income programs, energy efficiency, and resource planning.⁷⁸ PSE also regularly engaged with community-based organizations to reach vulnerable populations and highly impacted communities.

58. PSE provided timely and meaningful opportunities for customer engagement and comment periods on the draft CEIP. PSE received over 1,000 survey submissions from residential and business customer surveys regarding the CBI development, the challenges customers regularly face, and the benefits that could address those challenges.⁷⁹ PSE noted the themes across stakeholder audiences to input into its development of Customer Benefit Indicators.⁸⁰ PSE sent targeted emails to over 40,000 customers along with other outreach efforts, including various multilingual outreach efforts.⁸¹ These wide-ranging outreach efforts and engagements with customers shaped the draft CEIP.⁸²

⁷⁶ CEIP at p. 193.

⁷⁷ CEIP at pp. 194-97 (overview of engagements with advisory groups and interested parties).

⁷⁸ CEIP at p. 194.

⁷⁹ CEIP at p. 94.

⁸⁰ CEIP at p. 94.

⁸¹ CEIP at pp. 195-204.

⁸² CEIP at pp. 204-208.

59. Then, PSE also sought feedback from customers, advisory groups, tribal governments, and other community members to further inform the final CEIP.⁸³ Parties' complaint that PSE has not modified its final CEIP since filing it in December 2021⁸⁴ ignores the years of engagement while drafting and the practical reality that pencils must be down at some point in order to seek approval and start implementation. Further, in its final CEIP, PSE recognizes that complying with CETA is not a static process, and instead requires consistent engagement with customers. PSE's CEIP identifies how it intends to continue to engage stakeholders and customers during the implementation phase of the CEIP, and this will be further updated as part of PSE's forthcoming public participation plan, which will be filed on May 1, 2023, consistent with WAC 480-100-655(2). PSE's process will continue to involve the key advisory groups, including Equity, Low-Income, Conservation Resource, and IRP advisory groups, along with direct engagement activities with named communities.⁸⁵

60. As PSE has shown, the CEIP process involves consistent and continuous opportunities for the public and stakeholders to engage and provide timely and meaningful feedback. And PSE made specific commitments in Chapter 8 of its CEIP explaining how it would further improve this process as part of the 2023 Biennial CEIP Update. PSE is committed to continued engagement with stakeholders, including load forecasts and conservation assessments in the IRP, working with stakeholders to develop data sources for metrics related to customer benefit indicators, identifying future customer benefit indicators, and engaging with highly impacted communities and vulnerable populations to design various programs.⁸⁶

⁸³ CEIP at pp. 209-221.

⁸⁴ *See, e.g.*, *ffitch*, TR. 144:6-9.

⁸⁵ CEIP at pp. 221-223.

⁸⁶ CEIP at Chapter 8.

2. The Commission should consider the timing of the CEIP and other processes going on simultaneously.

61. PSE's actions in its CEIP meet the requirement in the Commission's rules and there is no demonstrated deficiency that would require the Commission to deny or condition its approval simply because PSE has set ambitious goals towards its ultimate renewable and zero-carbon goals in this CEIP period.⁸⁷ The CEIP is one of several processes that work together, and the Commission should consider the timing of these various processes as it evaluates PSE's CEIP. PSE's 2021 IRP used preliminary customer benefit indicators in its planning process for the first time to produce a ten-year clean energy action plan, which provided a solid starting point for PSE's CEIP. PSE used the assumptions and inputs from the IRP and clean energy action plan for resource modeling, and it also updated some of the information for programs like DER.⁸⁸

62. Another process that works iteratively with PSE's CEIP process is the Biennial Conservation Plan. The Commission's approval of PSE's 2022-2023 Biennial Conservation Plan included conditions that reiterate CETA's requirements to ensure the equitable distribution of energy and non-energy benefits to all customers and the reduction of energy burdens to vulnerable populations and highly impacted communities.⁸⁹ The current CEIP four-year energy efficiency target is based on the detailed 2022-2023 Biennial Conservation Plan.⁹⁰ The first two years of the CEIP target reflect the 2022-2023 total savings goal. The second two years of the CEIP target are initially set to equal the 2022-2023 total savings goal, although the second two years of the four-year CEIP target will be updated through the Biennial CEIP Update process to

⁸⁷ Callaghan, TR. 127:22-128:18; Goodin, TR. 136:21-25; ffitc, TR. 145:4-15 (arguing that the Commission needs answers now because this CEIP period will comprise a significant portion of PSE's transition to clean energy).

⁸⁸ See Durbin, Exh. KKD-1T at 16-17.

⁸⁹ See *In the Matter of Puget Sound Energy's 2020-2029 Ten-Year Achievable Electric Conservation Potential and 2022-2023 Biennial Conservation Target Under RCW 19.285.040 and WAC 480-109-010*, Docket UE-210822, Order 01, Attachment A at Condition 11 (Jan. 18, 2022).

⁹⁰ Archuleta, Exh. GA-1T at 6-7.

match the 2024-2025 total savings goal established pursuant to the requirements of RCW 19.285, WAC 480-109, and the applicable Biennial Conservation Plan conditions.

63. Because of the overlap, certain standards and targets should be established in the Biennial Conservation Plan process and simply reflected in the CEIP.⁹¹ In enacting CETA, the Legislature could have chosen to supersede or modify the obligations under the Energy Independence Act. It declined to do so. The Commission should view the Biennial Conservation Plan process as the primary method for establishing PSE's obligations with respect to energy efficiency, including setting targets, identifying actions, and public engagement. Unless and until those statutory obligations change, energy efficiency policy and programs should continue to be established through the Biennial Conservation Plan process and simply reflected in the CEIP.

64. Another timing issue that would benefit from Commission guidance is the concurrent schedule for resource acquisition and the development of the CEIP, which currently does not provide an opportunity for the RFP process to inform the CEIP development process as some interested parties desire.⁹² PSE acknowledges some stakeholders prefer to see a greater level of detail in this CEIP regarding specific projects and products PSE will be pursuing during the CEIP implementation period, including additional assessment of benefits and burdens, and projections on the impact of PSE's proposed actions.⁹³ PSE was operating under aggressive timelines during the development of its initial CEIP. PSE was actively participating in the

⁹¹ See Archuleta, TR. 224:7-17; 227:12-20.

⁹² Durbin, Exh. KKD-1T at 28:8-19; see also Durbin, TR. 167:22-169:10; 202:5-18; 202:23-203:14.

⁹³ For example, NWEAC and Front and Centered argue that PSE has not set any specific goals for its CBIs. Goodin, TR. 137:21-138:7. NWEAC then claims that PSE believes progress on a metric on increased participation could be demonstrated by something as small as a single additional customer. *Id.* at 174:24-175:19. However, as PSE witness Durbin explained, that is unlikely to be viewed as meaningful progress within the context of CETA's equity provisions. Durbin, TR. 175:10-15. And indeed, the purpose of CETA is better achieved if specific goals relating to highly impacted communities and vulnerable populations are informed by a fulsome understanding of existing disparities. Durbin, TR. 184:14-185:7.

rulemaking process throughout 2020, developing a CEIP in 2021 informed by ongoing public participation efforts while PSE was developing and issuing an All-Source RFP as required by Commission order and rules.⁹⁴

65. PSE provided all the information it had available regarding specific projects for this CEIP, but it does not contain all the specific projects and resources PSE intends to pursue over the four-year implementation period.⁹⁵ PSE's future CEIPs will strive to contain more granularity in some of these areas where possible. PSE previews these commitments in Chapter 8 of the CEIP. In the 2023 Biennial Update PSE will include the results of the All-Source and Targeted DER RFPs. The results from these RFPs will be used to provide additional detail and describe the specific actions PSE will take, including acquired projects and developing programs.⁹⁶ PSE further anticipates future CEIPs will contain more details regarding specific actions because PSE will rely on a combination of required and voluntary requests for proposals in the future as it continually acquires necessary resources.⁹⁷ Additionally, in future CEIPs, PSE should be further along in the product and program development processes, including DERs and DR.⁹⁸ While future CEIPs will have additional details as the process progresses and additional programs are implemented, it is unlikely that they will contain the level of detail advocated by other parties, nor will the level of details be similar to what is provided for plant additions in a rate proceeding.⁹⁹ The key difference is in rate proceedings, the level of detail provided is available because those resources have usually already been acquired by the utility. Alternatively, in the

⁹⁴ See Durbin, Exh. KKD-1T at 28:8-29:8.

⁹⁵ See Durbin, Exh. KKD-6T at 35.

⁹⁶ See Durbin, Exh. KKD-1T at 29:6-8.

⁹⁷ See Durbin, Exh. KKD-6T at 36.

⁹⁸ See Durbin, Exh. KKD-6T at 36.

⁹⁹ See Snyder, Exh. JES-1T at 12:11-14, 17:16-18:8; McCloy, Exh. LCM-1T at 5:18-19.

CEIP process, the projects are usually proposed, and are still being evaluated and negotiated.¹⁰⁰

These processes require the handling of sensitive and confidential business information and sharing this information too early in the process would interfere with PSE's ability to negotiate a fair price for those resources once selected.¹⁰¹

66. Notably, many of the same structural problems PSE faced in the recent iteration of the CEIP remain. For example, the Commission will consider an All-Source RFP on or before August 1, 2025, triggered by an IRP-identified need consistent with WAC 480-107-009(2). Given that timeline, the RFP may not be decided upon until October 1, 2025, the same time PSE's next CEIP is due.¹⁰² Those bids will not be available to inform the 2025 CEIP because the RFPs will not have been issued by that time. Accordingly, in future CEIPs, PSE will again need to use the optional biennial update process, to update the CEIP with the actual resources secured based on the RFP processes.¹⁰³ In recognition of these timing issues, PSE contends the CEIP does not need to include highly specific actions on actual secured projects. Otherwise, there would be limited opportunity for the Commission, and interested parties, to meaningfully influence the scope, scale, and pace of the CEIP before approval.

67. PSE identified potential alternative approaches for CEIP development. To achieve the level of granularity and specificity identified by other parties, where the CEIP outlines specific projects and locations that an electrical company intends to build or acquire over the four-year

¹⁰⁰ For example, as noted at the hearing, PSE is still evaluating proposals for the DER RFP and those contracts have not been secured. If that information is available by the Biennial CEIP Update it will be included, but proposals are typically kept confidential until the process is concluded and contracts secured. *See* Durbin, TR. 192:1-6. NWEC and Front and Centered's arguments that the confidential process precludes public engagement ignores the opportunities for engagement provided during the RFP development and approval process, as well as the practical implications of making bids public too early in the competitive process. *See* Goodin, TR. 138:18-139:2.

¹⁰¹ *See* Durbin, Exh. KKD-6T at 36-37.

¹⁰² *See* Durbin, Exh. KKD-1T at 29.

¹⁰³ *See* Durbin, Exh. KKD-1T at 29.

implementation period, the Commission rules and processes will need to change to accommodate the above-identified roadblocks.¹⁰⁴ Resources might need to be secured under contingent contracts, and the CEIP would need to operate closer to a pre-approval of the resources outlined in the plan.¹⁰⁵ PSE supports the further exploration of fast-track pre-approval processes if the goal is to provide the type of specificity outlined by other parties.¹⁰⁶

3. Equity was considered and will be addressed at all stages in the CEIP process.

68. The CEIP makes significant progress on CETA's clean energy standards and the integration of equity and customer benefit considerations. Equity has been and will continue to be a consideration PSE addresses in all stages of the CEIP processes. Some parties expressed concern that PSE was not meeting CETA standards regarding the equitable distribution of benefits and wanted a more detailed analysis of the benefits and burdens from PSE's specific actions. But, PSE's CEIP fully complies with CETA and includes meaningful and measurable actions that put PSE on a path towards an equitable distribution of benefits.¹⁰⁷ Additionally, the equitable distribution of benefits standard, as implemented by PSE, will benefit from further development with the distributional equity analysis that will be conducted as part of the 2022 general rate case settlement. As PSE has noted above and throughout its testimony, fully incorporating equity is a process that cannot be accomplished in a single effort.¹⁰⁸ PSE will gain experience measuring, evaluating, and incorporating equity into the CEIP processes and it can hone its ability to fully consider the equitable distribution of benefits.

¹⁰⁴ See Durbin, Exh. KKD-6T at 37.

¹⁰⁵ See Durbin, Exh. KKD-6T at 37.

¹⁰⁶ See Durbin, Exh. KKD-6T at 38-39.

¹⁰⁷ See Durbin, Exh. KKD-6T at 15-24.

¹⁰⁸ See Durbin, Exh. KKD-6T at 16.

69. PSE’s CEIP includes a public participation plan, which outlines how PSE intends to engage named communities by working directly with community-based organizations so PSE can continue to include, hear from, and incorporate those customers’ priorities for the clean energy transition.¹⁰⁹ PSE’s public participation plan explains how PSE intends to leverage strong relationships with community based organizations who serve named communities, and other strategies and tools to continually incorporate equity considerations into its public engagement efforts.¹¹⁰

70. PSE’s CEIP also includes an equity assessment framework which shows how PSE envisions the process for identifying disparities, burdens, actions, benefits, and costs might interrelate.¹¹¹ The equity assessment framework is an ongoing effort and is intended to help PSE have a deeper understanding of the disparities and barriers that its customers face to participating in future clean energy programs.¹¹² This process was used in the CEIP as PSE attempted to identify the factors and other considerations for identifying highly impacted communities and vulnerable populations, along with analyzing the burdens and disparities affecting these communities and populations. PSE looked at different program elements that can assist highly impacted communities and vulnerable populations in participating in certain programs, including incentives or subsidies.¹¹³ PSE’s CEIP also identified what benefits customers, especially those in highly impacted communities and vulnerable populations, might see because of certain specific actions.¹¹⁴ PSE intends on quantifying customer benefits, especially those for highly

¹⁰⁹ CEIP at Appendix C-1: Public Participation Plan Current and Future; *see also* CEIP at Appendix F6 (outlining the estimated costs of PSE’s public participation efforts at \$31.4 million over the four-year period).

¹¹⁰ CEIP at Appendix C-1: Public Participation Plan Current and Future at 23-27.

¹¹¹ CEIP at pp. 49-51.

¹¹² *See* Durbin, Exh. KKD-6T at 17.

¹¹³ *See e.g.*, CEIP at Chapter 4.

¹¹⁴ *See e.g.*, CEIP at Chapter 4.

impacted communities and vulnerable populations, in the future as a way to continue to incorporate equity considerations into the CEIP.

71. As part of the 2023 Biennial CEIP Update commitments that PSE made in Chapter 8 of the CEIP, PSE will also explore the potential for new or modified CBIs, along with researching and identifying more granular data for metrics, and discussing new methods for incorporating portfolio benefits into the IRP modeling process.¹¹⁵ PSE's CEIP acknowledges that the existing CBIs must be improved and new CBIs must be developed as a result of a robust public participation process that centers on equity.¹¹⁶ To achieve this goal, PSE's Chapter 8 commitments discuss how PSE will continue engaging with advisory groups regarding CBIs, including the Equity Advisory Group, to identify opportunities for improvement.¹¹⁷ PSE identifies how it will develop the building blocks for an equity assessment in the 2023 Biennial CEIP Update, including a commitment to provide an update to its work related to the methodology for scoring and weighting customer benefit indicators.¹¹⁸ These processes and steps are important so that PSE can consider new and enhanced CBIs as it works to develop the 2025 CEIP.¹¹⁹

72. PSE's CEIP is consistent with CETA requirements, and it makes specific commitments to continue to incorporate equity, and improve its understanding, and metrics around the equitable distribution of benefits standard.

¹¹⁵ See Durbin, Exh. KKD-6T at 17:10-16.

¹¹⁶ See Durbin, Exh. KKD-6T at 23:17-19.

¹¹⁷ CEIP at pp. 233-237.

¹¹⁸ CEIP at pp. 233-234.

¹¹⁹ See Durbin, Exh. KKD-6T at 23:19-24:3.

4. PSE used the best available data when creating metrics and analyzing data.

73. PSE used the best available information at the time in developing its CEIP and PSE will continue to update the Commission on its process through the reporting requirements in WAC 480-100-650. The resource planning data, and other assumptions, are all based on reliable information PSE had at the time. Where PSE did not have quantitative data available, it took a qualitative approach, for example, in determining the DER CBI evaluation criteria.¹²⁰ PSE has further committed to investigating additional data sources and showing any refinements in the 2023 Biennial CEIP Update. PSE plans to continue its stakeholder and advisory group processes to seek additional quantitative data that PSE can use as part of the CBI data foundation. As discussed above, the proposed CBIs and associated metrics for the current CEIP were identified based on data collected by PSE or that is publicly available. As the process evolves, PSE will continue to search for and use more sources of quantitative data to better describe benefits and impacts on customers, including those specific to highly impacted communities and vulnerable populations.¹²¹

74. PSE used the best available data and relied on the factors that CETA outlined concerning vulnerable populations and consulted with PSE's Equity Advisory Group to determine the set of factors PSE used to quantify vulnerable populations.¹²² After consulting with the Equity Advisory Group, PSE used a composite list of vulnerability factors to find data sources to match with each factor. PSE mapped these data sources to PSE's service area, which created an initial snapshot of vulnerable populations.¹²³ PSE presented this information to the Equity Advisory

¹²⁰ See Durbin, Exh. KKD-1T at 35; see also CEIP Chapter 3 for a discussion for how PSE proposes to use data for each CBI to forecast benefits to customers.

¹²¹ See Durbin, Exh. KKD-1T at 37-38.

¹²² See Phillips, Exh. AJP-1T at 2-5.

¹²³ See Phillips, Exh. AJP-1T at 4:5-8.

Group, which provided feedback as to whether any factors were missing related to vulnerable populations or metrics. PSE also discussed the scale of data sources with the Equity Advisory Group and how various geographic scales could be used in the definition of vulnerable populations.¹²⁴

75. PSE's analysis of vulnerable populations used American Community Survey data at the Census Block Group level as the primary data source for quantifying most of the vulnerability factors. PSE identified the set of Census Block Groups that contain households within PSE's service area using geospatial tools. Census Block Groups are essential to PSE's CEIP because the Census provides a variety of publicly available sociodemographic data features aggregated to the Census Block Group level through the American Community Survey program.¹²⁵

76. NWEC and Front and Centered, as well as Commission Staff, disagree with PSE's approach to identifying vulnerable populations on a geographic basis and instead would have PSE use a customer-by-customer approach.¹²⁶ PSE's geographic approach assigns both a numerical and categorical level of vulnerability to each Census Block Group in its service area, based on both the geographic and individual characteristics of customers within each Census Block Group. However, NWEC and Front and Centered assert that a geographic approach ignores variation among individual customers, and PSE should designate vulnerable populations at the Census Block Group level only when individual customer data is not available.¹²⁷ Staff contends PSE should also identify vulnerable populations through more specific characteristics that may not correlate with Census Block Group-level mapping.

¹²⁴ See Phillips, Exh. AJP-1T at 4:8-10.

¹²⁵ See Phillips, Exh. AJP-1T at 4:18-5:1.

¹²⁶ See Snyder, Exh. JES-1T at 34:13. See also Colton, Exh. RDC-1Tr at 8:5-7.

¹²⁷ See Colton, Exh. RDC-1Tr at 28:5.

77. PSE used a geographic approach to quantify vulnerable populations for several reasons. Primarily, PSE's approach is based on the best available data, in terms of level of granularity and availability. In situations where there was a trustworthy, publicly-available source of customer-level data to quantify a vulnerability factor, PSE applied or incorporated that source.¹²⁸ Unfortunately, most vulnerability factors designated by CETA and the Equity Advisory Group are unavailable at the customer or household level. Sociodemographic features influencing vulnerability, such as Black, Indigenous, and People of Color status, linguistic isolation, and others, are available at aggregated geographic levels via the American Community Survey data tool. The American Community Survey reports the number of households within each Census Block Group with a given characteristic of interest, and this data source is superior because customer-level data for these vulnerability factors is not available. Some key vulnerability factors such as low-income status, high energy burden, and disconnection history are available at the customer level. In those situations, PSE did leverage individual-level data in determining the vulnerability scores for those factors in each Census Block Group;¹²⁹ where reliable data was available at a more granular level, PSE leveraged that data. Additionally, simply because PSE does not use individual-level data for all factors, this does not mean those customers will be overlooked. PSE already does and will continue to develop programs and resources toward households with those specific vulnerability factors that are individually identifiable.¹³⁰ Rather than ignoring variation, as implied by other parties, PSE is pinpointing variation among customers within a geographic area.

¹²⁸ See Phillips, Exh. AJP-1T at 6:2-6.

¹²⁹ See Phillips, Exh. AJP-1T at 6:15-18.

¹³⁰ For example, PSE has numerous programs, such as its Low Income Home Energy Assistance Program and PSE's Home Energy Lifeline Program, intended to assist low-income and energy burdened customers that leverage individual-level data.

78. Criticisms of PSE’s geographic level of analysis for quantifying vulnerable populations ignore the fact that most vulnerability data are only available at the geographic level. Additionally, many of the ways in which PSE will target changes to improve equity are done at a geographic level. These actions may involve focusing on system development of particular circuits, targeted marketing toward specific areas, or engaging with leaders of particular communities. A hypothetical dataset of all vulnerability factors at the individual level would not necessarily provide insight into which specific actions to take to improve equity especially if those actions are targeted at a larger geographic area. While PSE does leverage the available individual-level vulnerability data when possible, there is limited evidence to suggest a geographic-level assessment of vulnerability would hinder PSE’s ability to improve equity in vulnerable communities. It is also important to note that PSE’s application of geographic data sources is not unique. Parallel assessments of named communities, such as those used for DOH’s Environmental Health Disparities Map to identify Highly Impacted Communities, are also conducted at the geographic level.¹³¹ The evidence and law shows PSE’s use of Census Block Group data in its analysis of vulnerability is supported by and consistent with other CETA efforts in Washington State and uses the best available data.

79. In the development of PSE’s vulnerability scoring method, PSE conducted a clustering analysis that assessed whether there were groups of vulnerability factors that were highly correlated and therefore captured the same underlying effect.¹³² PSE did not find a clear clustering pattern that would indicate sets of factors that are highly correlated.¹³³ On the contrary, the analysis showed that there is variation among Census Block Groups in terms of the

¹³¹ <https://doh.wa.gov/data-statistical-reports/washington-tracking-network-wtn/climateprojections/clean-energy-transformation-act/ceta-utility-instructions>.

¹³² Phillips, Exh. AJP-1T at 17:4-7.

¹³³ Phillips, Exh. AJP-1T at 17:7-8.

magnitude of vulnerability across features. For any given set of vulnerability factors, some Census Block Groups have high values (on the 1 to 5 scale) for most factors; some Census Block Groups have a high value for only some; and some Census Block Groups have no high values.¹³⁴ The set of vulnerability factors PSE included is representative of multiple risk areas including income, ethnic background, disability, communication barriers, food access, and heat island effect, among others. PSE anticipates that future CEIPs may refine the set of vulnerability factors.¹³⁵ At the same time, PSE is confident that its current methodology captures some effects of all major categories of sociodemographic, health, and environmental risk identified in CETA and the Equity Advisory Group. The evidence does not show the vulnerability factors identified in CETA or the Equity Advisory Group have an identical quantitative pattern to another factor. As a result, PSE did capture the variation in vulnerability among Census Block Groups.

80. PSE's decision to map a multi-dimensional set of factors onto a single spectrum is analogous to the DOH method for delineating Highly Impacted Communities based on their cumulative impact analysis, as required by CETA. Specifically, the DOH impact analysis mapped a multi-dimensional set of health factors onto a 1-10 score for each census tract in Washington State, and then defined Highly Impacted Communities to be those census tracts with a 9 or 10 overall rank on the Environmental Health Disparities spectrum, or any census tract with tribal land. While the set of factors PSE included in its vulnerability assessment was purposefully different than the Environmental Health Disparities spectrum (as required by CETA), PSE's choice to mathematically represent cumulative effects with a single-spectrum value was identical. While the total vulnerability score for each Census Block Group is a single value, PSE

¹³⁴ Phillips, Exh. AJP-1T at 17:12-13.

¹³⁵ Phillips, Exh. AJP-1T at 18:18-19.

retains the full data set of 1 to 5 scores for each vulnerability factor in each Census Block Group from its analysis. PSE is therefore able to examine which factors contribute to it being more vulnerable (e.g., language barrier, educational attainment) relative to other factors for a given Census Block Group. Capturing this variation between Census Block Groups will allow program managers and other decision makers to tailor their planning and outreach approaches based on the specific vulnerability factors found within a Census Block Group.

81. This CEIP should define the methodology for quantifying vulnerability, whereas subsequent updates should explore how that method intersects with various aspects of PSE's service.

E. Public Engagement Efforts Go Beyond the Standards Established in CETA and Commission Rules.

82. PSE's extensive public engagement processes and proposed continued engagement with interested parties and the public throughout CEIP development and implementation exceeds the requirements in CETA. PSE is committed to engaging interested parties and community-based organizations to improve its CEIP and metrics as it transitions to a clean energy future. Any requirements regarding public engagement should be based in CETA's requirements, goals, and aligned with those already proposed by PSE.

1. Engagement ensures equitable distribution of benefits.

83. PSE remains committed to meaningful, inclusive engagement and to building upon the foundation set forth in its public participation plan. PSE will file an updated public participation plan by May 1, 2023, to provide more details on engagement during CEIP implementation as prescribed by rule. PSE's initial plan remains consistent with an overall vision to engage the public during the development and implementation of the CEIP, although the timelines will need to be shifted to reflect PSE receiving final approval for its CEIP later than originally projected.

PSE is already preparing for 2023 public engagement activities with the expectation of the need to grow customers' understanding of clean energy and their role in the clean energy transition, while simultaneously engaging them, especially named communities, in development of the 2023 Biennial CEIP Update. PSE has expanded its community engagement team and continues to lay the groundwork for deeper engagement in named communities through community-based organizations and direct relationships in named communities.

84. One of the primary objectives of the Equity Advisory Group is to advise PSE on how to equitably deliver the benefits of and reduce the burden related to the planning and implementation of Washington's clean electricity standard. PSE worked with the Equity Advisory Group to reflect their feedback into implementation principles and discussed each topic iteratively with the Group. PSE also engaged with the Low Income Advisory Committee, Conservation Resource Advisory Group, and interested parties to the Integrated Resource Plan process to seek input on key issues. PSE worked to engage residential and business customers, focusing on highly impacted communities and vulnerable populations. PSE did so through tactics designed to reach customers and provide simple ways to engage and stay informed, like surveys, an online open house, and email newsletters. PSE acknowledges the best way achieve the equitable distribution of resources is to work with organizations and interested parties to develop a more comprehensive understanding of the vulnerable population and highly impacted communities in its service area. PSE sought feedback from groups like the Equity Advisory Group to further develop the guiding principles in the draft CEIP and used public input on the draft CEIP to revise the final CEIP.

85. PSE recognizes some concerns were raised that the information shared with interested parties was selected and curated in a way that might frustrate a well-informed dialogue.¹³⁶ PSE disagrees with these characterizations, which were not raised during PSE’s Equity Advisory Group meetings or during other public processes.¹³⁷ PSE’s Equity Advisory Group meetings had specific objectives to maintain organization, and the goal was to solicit feedback regarding the proposed CBIs. Having structure was important given the compressed timeframe in 2021 during CEIP development and extent of topics that needed to be covered.¹³⁸ PSE’s outreach efforts influence the CEIP through the development of vulnerable populations factors and customer-driven customer benefit indicators.¹³⁹ PSE listened to and took advisory group and public comments on the draft CEIP seriously. PSE’s CEIP Appendix C-2 contains PSE’s responses to comments received throughout the process regarding the draft CEIP, including comments from advisory groups along with general public comments.¹⁴⁰ The responses are robust and note where PSE made changes to the CEIP based on suggestions in the comment. PSE has been open to feedback on substance as well as procedure, and the Company recently held its annual one-on-one discussions with each Equity Advisory Group member to better understand if the advisory group is timely receiving the right level and type of information.¹⁴¹

86. PSE made a number of commitments in Chapter 8 of the CEIP regarding future analyses that PSE would incorporate in the 2023 Biennial CEIP Update. The work to fulfill those commitments is already underway. PSE will seek input on this work from advisory groups and

¹³⁶ See Danner, TR. 198:22-199:1.

¹³⁷ The point referenced by Commissioner Danner at the evidentiary hearing (Danner, TR. 195:22-25) involved a witness who participated in the EAG only in its first year. See Thuraisingham, Exh. MFT-1T at 16:12.

¹³⁸ See CEIP Table 6-4 at 193.

¹³⁹ CEIP Chapter 6.

¹⁴⁰ CEIP Appendix C-2: Responses to Comments on the Draft CEIP.

¹⁴¹ Durbin, TR. 200:12-201:9.

interested parties in early- to mid-2023. PSE will continue discussions with advisory groups, particularly the Equity Advisory Group, to identify opportunities for improvement to ensure the equitable distribution of benefits. And PSE will enable participation at all meaningful stages of product development; however, as PSE has explained, some earlier pre-ideation stages do not provide such opportunities because there are no concrete alternatives or proposals to comment on in those earlier stages of planning.¹⁴²

2. Additional commitments should be forward-looking requirements for the 2025 CEIP.

87. PSE made a number of commitments in Chapter 8 of the CEIP regarding future analyses that PSE would incorporate in the 2023 Biennial CEIP Update. PSE supports the Commission memorializing those commitments in the form of a condition for approval of the CEIP, if desired. But for any conditions that the Commission might add as a condition of approval beyond those in Chapter 8 of the CEIP, PSE urges the Commission make those conditions as forward-looking requirements for the 2025 CEIP. The primary rationale for conditions being forward looking is timing: the Commission will likely not be able to issue a final order in this proceeding until early to late spring 2023. Best case scenario, PSE will have a handful of months to achieve any conditions in the final order before filing the 2023 Biennial CEIP Update in November of 2023. Accordingly, PSE contends any conditions placed on the CEIP at this point in the process, particularly conditions that may require significant new work or additional public engagement, should be forward-looking and for the 2025 CEIP.

¹⁴² See Einstein, TR. 250:25-252:14; 255:2-15; 263:7-264:3 (explaining that similar to PSE's process for its transportation electrification plan, PSE's initial ideation is presented early enough to be modified to incorporate feedback and input from parties and the Commission, and only after that does PSE begin the process of preparing individual products for review, consideration and approval—all of which is informed by customer and stakeholder feedback).


IV. CONCLUSION

88. PSE seeks a final order from the Commission approving the CEIP as filed. As discussed in the Prefiled Direct Testimony of Kara K. Durbin, Exh. KKD-1T, PSE put forward an ambitious plan consistent with the spirit of CETA—to transform PSE’s electric business in an equitable, safe, and reliable manner. As discussed throughout this proceeding, PSE filed the CEIP, its first clean energy implementation plan, over a year ago, and PSE’s CEIP is consistent with the requirements of CETA and the applicable regulations (WAC 480-100-640).

89. Supplements to and refinements of these processes and programs can take place in future iterations. The Commission should approve PSE’s CEIP as filed or make any future conditions clear and reasonable by considering PSE’s timeline constraints. The CEIP as filed makes significant progress in meeting CETA’s clean energy standards and the integration of equity and customer benefit considerations. Approval of the CEIP is warranted.

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