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June 5, 2023

SENT VIA WEB PORTAL

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
P. O. Box 47250
Olympia, WA 98504-7250

**Re: *Puget Sound Energy's 2023 Gas Integrated Resource Plan,*
Docket UG-220242**

Dear Director Maxwell:

The Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) respectfully submits these comments in response to the Washington Utilities and Transportation Commission's (UTC or Commission) Notice for Comment and Recessed Open Meeting (Notice) dated April 21, 2023. Public Counsel appreciates the opportunity to engage on Puget Sound Energy's (PSE or Company) 2023 Gas Integrated Resource Plan (IRP).

PSE filed its Gas IRP in accordance with WAC 480-90-238 on March 31, 2023. The WAC specifies that the IRP must include a number of items, including a range of forecasts for each customer class, an assessment of conservation, information about gas supplies and storage, pipeline transmission, and evaluation of the costs, among other required items.¹ Plans must be filed every two years.²

Public Counsel, along with numerous other interested parties, participated in PSE's process to develop and review the 2023 Gas IRP. In addition to attending Technical Advisory Committee meetings, Public Counsel submitted informal comments and questions to the Company in

¹ WAC 480-90-238(3).

² WAC 480-90-238(4).

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response to the PSE's draft IRP. Public Counsel appreciates PSE's efforts to explain its plan and answer questions.

Public Counsel's Recommendation

The Commission should acknowledge PSE's 2023 Gas IRP and encourage the Company to make the suggested resource plan improvements to account for impacts of new policies and technologies in the next IRP.

Public Counsel appreciates PSE's efforts in developing the Gas IRP. We wish to note that the Company made a number of improvements to the final Gas IRP based on feedback from Public Counsel and other interested parties on the Company's draft. Public Counsel appreciates the Company's inclusion of the following at the request of interested parties: climate change data in the energy and peak demand forecasting, an electrification analysis, use of a zero-growth sensitivity as the basis for the preferred portfolio to reflect new building code revisions. We also appreciated graphical improvements made to improve reader accessibility such as the use of call-out boxes in the text to highlight key concepts and changes to chart series colors to signify related items (i.e., consigned no-cost allowances and net additional allowances).

In the paragraphs below, Public Counsel outlines a number of areas for future improvements or topics of concern. We organize these topics by the chapters in which they appear in the IRP.

Resource Plan

Chapter two provides an action plan for PSE to meet natural gas demand needs while also complying with reliability standards and enacted policies. In this section, PSE forecasts how it will comply with the Climate Commitment Act (CCA) through its use of demand-side resources, green hydrogen, renewable natural gas, and allowances. This IRP fails to consider or even mention the use of greenhouse gas (GHG) offsets to help the Company meet CCA requirements. GHG offsets are allowed for use in meeting CCA compliance obligations; however, covered entities are limited to using no more than five percent from projects not on tribal lands and an additional three percent from projects on tribal lands during the first compliance period (January 1, 2023, through December 31, 2026).³ PSE's preferred portfolio predicts a 13 percent reduction in GHG emissions from the 2015–2019 emissions baseline by 2030⁴ with the main compliance strategy being the purchase of CCA allowances. PSE should analyze and consider the use of GHG offsets in future resource plans as another viable least-cost compliance resource instrument. There is uncertainty on the cost and availability of CCA allowances for PSE to meet its compliance obligations, and PSE's overreliance on purchasing CCA allowances to meet CCA obligations puts its customers at risk of higher-than-necessary bill increases. PSE should analyze and consider the use of GHG offsets as a viable strategy to help contain rising natural gas costs on customers.

³ WAC 173-446-600(7).

⁴ PSE 2023 Gas IRP at 2.20 and 2.21 (filed Mar. 31, 2023).

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PSE finds that green hydrogen is cost-effective in all the scenarios and sensitivities analyzed with the help of the Inflation Reduction Act (IRA). PSE does not expect green hydrogen to be available for the next four or five years,⁵ and we recognize that mass hydrogen production is still under development. Public Counsel encourages PSE to analyze and consider the tradeoffs of other types of hydrogen and whether certain types of hydrogen are more appropriate or cost-effective for certain customer types in future IRPs.

Legislative and Policy Change

Chapter three addresses a number of legislative and policy changes that PSE considered in developing its gas IRP, including updates to the state building code, the CCA, and the IRA. Regarding the state building code, the Company notes that it estimates the impact on demand to be gradual.⁶ Public Counsel encourages the Company to continue to monitor the impact of these code changes, though they may be delayed in implementation.⁷

Regarding the IRA, the Company notes that it “is too early to understand how the IRA may affect the conversion of certain customer from gas to electric service” as funds under this law will not be available until early 2024.⁸ PSE states it will consider the IRA in future IRPs and Public Counsel agrees that this will be an important policy to review and include, particularly because of the incentives for electric heat pumps for consumers.

Demand Forecast

Public Counsel appreciates the Company's use of a zero percent customer growth forecast sensitivity to reflect recent building code changes. In future gas IRPs, we encourage PSE to also include a declining customer growth forecast to match the anticipated effects of the updated building code and any building stock attrition as buildings fall out of gas service.

Gas Analysis

Public Counsel is concerned with rising natural gas cost impacts on customers, and we encourage the Company to analyze rate, bill, and specific program participation impacts in the next IRP. These analyses will help PSE better understand how to meet natural gas demand needs, reliability standards, and policy requirements while minimizing adverse rate and bill impacts for its customers.

Public Counsel appreciates the opportunity to submit these comments, and we will have representatives present at the recessed open meeting. If you have any questions about this filing,

⁵ *Id.* at 2.16.

⁶ *Id.* at 3.3.

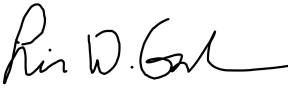
⁷ See David Iaconangelo, *Washington state hits the brakes on landmark gas ban*, Politico E&E News, (May 25, 2023, 6:56 AM), <https://subscriber.politicopro.com/article/eenews/2023/05/25/washington-state-hits-the-brakes-on-landmark-gas-ban-00098576>.

⁸ PSE 2023 Gas IRP at 3.4.

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please contact Aaron Tam, (206) 464-6215 or Aaron.Tam@ATG.WA.GOV, or Stephanie Chase, (206) 521-3212 or Stephanie.Chase@ATG.WA.GOV.

Sincerely,

/s/ 

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LWG/SC/AT