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October 10, 2022

Filed via Web Portal

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
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Received
Records Management
10/10/22 14:38
State Of WASH.
UTIL. AND TRANSP.
COMMISSION

Re: Developing a Commission jurisdictional specific cost-effectiveness test for distributed energy resources incorporating CETA, Docket UE-210804

Dear Ms. Maxwell:

Puget Sound Energy (“PSE”) respectfully submits these comments in response to the Washington Utilities and Transportation Commission’s (“Commission”) September 23, 2022 Notice of Opportunity to Comment (“Notice”) in the above-captioned docket. The Notice and the accompanying Utility Detail Template (“Template”) solicit information from electric and natural gas utilities on current practices for evaluating the impacts of distributed energy resources (“DERs”).

PSE appreciates the opportunity to provide these comments and to complete the attached Template. In these comments, PSE briefly highlights three high-level themes from responses in the Template regarding specific DER impacts and valuation topics. PSE hopes these comments assist the Commission in this investigation.

- **Methods for including and quantifying general impacts that are broad in scope (e.g., risk, reliability, resilience, and energy security)**

As demonstrated in the Template, in some instances—e.g., distributed generation—PSE has undertaken initial efforts to identify and incorporate relevant data to quantify host customer reliability and resilience impacts. For example, PSE has proposed methods to value the costs and benefits of distributed storage backup power during outage events. With respect to other DER types, however, data and methods for including and quantifying these general impacts have not yet been identified.

A central theme of PSE’s comments in this investigation thus far has been that the impacts can vary greatly across DER types (e.g., energy efficiency vs. electric vehicle

supply equipment). Accordingly, PSE suggests that rather than each utility developing a unique methodology for these broad “general” impacts (risk, reliability, resilience) in different forums, the Commission should adopt a proxy value or “adder” to account for these impacts for specific DER technologies and technological use cases.

There are real, material effects associated with these impacts resulting from energy efficiency and other DER measures. However, the concepts of risk, reliability, and resilience are broad categories that encompass many things. And the work to identify and develop the data necessary to quantify them individually may prove overly burdensome and result in conflicting approaches across the State. A uniform proxy “adder” or value, on the other hand, would recognize that these effects should not be ignored but also provide a consistent method for their inclusion in utility DER evaluations.

As noted in the attached Template, PSE believes this is similarly the case for impacts like “empowerment and control” and “satisfaction and pride.” PSE looks forward to working with the Commission, advisory groups, and interested parties during the remainder of this investigation and in other forums to discuss this topic further.

- **Clarification regarding quantifying “low-income” non-energy impacts**

As noted in previous discussions, PSE has developed a number of non-energy impacts for inclusion in its cost-effectiveness analyses, and some non-energy impacts are indeed applicable *only* to low-income customers. For example, non-energy impact benefits PSE’s Low-Income Weatherization program calculates repairs and replacement value to the customer on a dollar-for-dollar basis, whereas asset value improvements for non-low income weatherization participants are determined by a formula that estimates property value impacts per kilowatt-hour (“kWh”) saved. In the Template, PSE has indicated accordingly.

- **Additional considerations relevant to identifying and quantifying EVSE-related impacts**

Utility Rate Base Additions as a Benefit: As stated in Docket UE-160799, cost-benefit inputs for Transportation Electrification (“TE”) that consider the overall costs and benefits of TE across all utility ratepayers are appropriate to determine the allowable level of investment by the utility. This approach supports users of electric transportation and provides net benefits to all ratepayers. A key input that must be considered is the additional utility revenue from TE, which results from increased energy sales for TE purposes. Generally, this additional revenue provides downward rate pressure for all

customers through both decoupling mechanisms and by allowing fixed costs to be spread across more kWh, reducing volumetric energy rates for all customers.¹

Portfolio Approach to Cost Testing: Cost-benefit analyses for EVSE-related programs and measures should consider TE programs as a portfolio. In this approach, the applicable cost-benefit analysis is applied to PSE’s TE Plan as a whole, rather than at the individual program level. This is consistent with the Commission’s final policy statement in Docket UE-10799, which states “...the purpose of the portfolio approach is to promote market transformation by providing a range of charging applications and ensuring fair competition in the provision of EVSE, while prioritizing the realization of system benefits over rate base additions. The portfolio approach will also avoid rigid adherence to a single program design, allowing for a more holistic assessment of the costs and benefits of EV charging services.”²

Cost Test at Population, Not Program Level: Finally, cost-effectiveness tests for TE programs should not calculate benefits based on EV adoption and usage resulting directly or indirectly from a utility program. Instead, benefits and costs should rely on the EV population in the utility’s service area.³ PSE’s previous cost-benefit analyses for TE have all relied on using a projection of total EV adoption in its service area rather than on adoption specifically attributable to PSE’s TE products and services. Such cost tests can be seen in PSE’s TE Plan in Docket UE-210191 as well as the aforementioned exhibit in Docket UE-220066.

* * * *

Please contact Brett Rendina at (360) 294-9558 for additional information about this filing. If you have any other questions, please contact me at (425) 456-2142.

¹ More detail on this topic is discussed in Docket UE-220066, in Prefiled Direct Testimony of William T. Einstein, Exh WTE-1CT, beginning on Page 53 of 87. This benefit is also directly referenced on page 41 of the Commission’s Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services, issued in Docket UE-160799 on June 14, 2017.

² See Policy and Interpretive Statement Concerning Commission Regulation of Electric Vehicle Charging Services, Docket UE-160799 (June 14, 2017).

³ The Policy Statement in Docket UE-160799 describes prudence requirements for TE investments and specifically states that the utility should perform its cost benefit analysis relying on, “...a reasonable range of projection of electric vehicle adoption.”

Sincerely,

/s/ Jon Piliaris

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Attachment: Puget Sound Energy Utility Detail Template

cc: Lisa Gafken, Public Counsel
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