November 12, 2021

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: Comments on Puget Sound Energy's Draft Clean Energy Implementation Plan (Docket UE-210795)

Dear Ms. Maxwell:

As a member of Sierra Club's Washington State Energy Committee and lead of the Washington Clean Energy Coalition, I participated in stakeholder meetings with Puget Sound Energy during the development of Time Varying Rate (TVR) programs that will be proposed to the Utilities and Transportation Commission as part of the company's General Rate Case early in 2022.

The concept of TVRs has been a passion of mine for at least six years, stemming partly from a debate about the need for PSE's "Energize Eastside" transmission upgrade project proposed by the company in late 2013. Organizations such as the Coalition of Eastside Neighborhoods for Sensible Energy (CENSE) have long argued that more ambitious Demand Response programs such as TVRs would delay or eliminate the need for a very expensive and damaging transmission project. PSE has always dismissed the idea, claiming that customers dislike such programs and cannot be relied upon to respond when the integrity of the Eastside grid is at stake. Successful TVR programs in other states suggest otherwise.

The Clean Energy Transformation Act has apparently compelled PSE to think differently about TVRs. In the Draft CEIP, PSE states, "This program reduces load required to meet peak capacity need and enables greater integration of renewables bringing PSE closer to 80 percent CETA compliance." We applaud PSE's change of heart, but some of the company's previous ambivalence toward TVRs is still evident.

For example, Table 4-2 includes a "50% derate for a winter-peaking system." This puzzling handicap is explained in footnote 33: "The estimated peak reduction is cut in half because PSE's system is a winter peaking system." No other detail or clarification of this consequential claim is offered.

Let's take a closer look. In the first row of Table 4-2 (shown on the next page), the third column shows an estimated 10.9% reduction for winter peaks. Why would that number be cut in half because peak demand is higher in winter than summer (the definition of a "winter peaking system")? It is hard to understand.

PSE engaged the Brattle Group, a well-respected consultant in development of TVR programs. I attended several presentations by the consultant, which were quite good. Brattle never mentioned the idea of derating peak reduction. Brattle should be asked what might justify derating both summer and winter peaks, and a thorough explanation should be provided to all stakeholders.

Table 4-2: TOU Pilot Programs[32]

Rate	Season	Ratio *(P:OP)*	Estimated Peak Demand Reduction	50% Derate for Winter Peaking System[33]
Residential TOU	Winter	5.2:1	10.9%	5.5%
	Non-winter	2.8:1	6.8%	3.4%
Residential TOU+PTR	Winter	2.3:1	5.5%	2.8%
	Non-winter	2.2:1	5.2%	2.6%
	Event day	8.4:1	11.0%	5.5%
Residential Three-Period TOU (EV)	Winter	7.5:1	12.6%	N/A
	Non-Winter	3.6:1	11.9%	N/A
Small C&I TOU+PTR	Winter	2.4:1	5.8%	2.9%
	Non-Winter	2.3:1	5.5%	2.8*
	Event day	8.9:1	11.3%	5.7%

These programs provide a cost-effective way to manage peak demand while reducing GHG emissions and energy costs for customers. However, the current deployment schedule will not provide these benefits for many years. PSE may have incentives to slow down deployment, because a successful TVR program could delay or eliminate the need for a new peaker plant PSE wants to begin building shortly.

The Commission should seek a clear explanation for PSE's derating claims. If the claims are not reasonable, the Commission should require faster adoption of TVR programs as an effective tool to modernize our electric grid and achieve CETA targets.

Sincerely,

Don Marsh
Member of Sierra Club Washington State Energy Committee
Lead, Washington Clean Energy Coalition