

BEFORE THE WASHINGTON UTILITIES AND TRANSPORTATION
COMMISSION

In the Matter of Commission Staff's
Petition for an Order Granting
Exemption from the Requirements of
WAC 480-100-238(4)- (5) and WAC
480-90-238(4)-(5) DOCKETS UE-
180607 UG-180608, UE 180738, UE
180259

NW ENERGY COALITION
RESPONSE TO STAFF PETITION
FOR EXEMPTION FROM WAC 480-
100-238(4)-(5) AND WAC 480-90-
238(4)-(5)

The NW Energy Coalition (“Coalition”) respectfully submits these comments to the Washington Utilities and Transportation Commission (WUTC or “Commission”) in response to Staff’s petition for an Order Granting Exemption from the Requirements of WAC 480-100-238 (4) and (5) and WAC 480-90-238 (4) and (5) (“Petition”) for the three investor-owned utilities in Washington State in UE 180607, UG 180608, UE 180738, UE 180259.

The following sections discuss the NW Energy Coalition’s concerns with staff’s proposals and provide recommendations for actions that could be taken to both proceed with staff’s proposal and to address each specific Coalition concern.

I. PACIFIC POWER MAJOR RESOURCE DECISIONS

In their already filed Integrated Resource Plan (IRP) in UE-180259, submitted October 18, 2019, Pacific Power’s action plan includes several significant resource decisions. However, this IRP analysis does not include any consideration of the Laws of 2019, Chapter 288, Clean Energy Transformation Act (CETA).

There are several aspects of CETA that are relevant to Pacific Power’s IRP and, consequently, to the near-term action items identified in that plan. We are concerned that waiting until 2021 to examine the impact of CETA on the Company’s resource decisions

is too late to impact many of the decisions set in motion in this current 2019 IRP. For example, Pacific Power is making several decisions related to the retirement of uneconomic coal units currently serving customers. Pacific Power's complicated coal analysis shows that the overall number of units and the associated energy and capacity capability of the coal units closed in the near-term has some threshold beyond which the collective retirements are no longer least cost/least risk. However, coal units currently in rates for Washington customers are eligible for early coal action credits pursuant to the Laws of 2019, Chapter 288, Section 3. The financial aspects of these early action credit opportunities were not analyzed in the current IRP. Integration of this into the analysis would likely impact cost and risk of various unit closures and could very well result in different resource decisions than those reflected in the current action plan.

Recommendation: The Laws of 2019, Chapter 288 should be fully incorporated into any coal plant closure decisions and resource procurement decisions undertaken by Pacific Power. For coal plant closures, the Coalition recommends requiring an updated coal analysis that incorporates CETA. This analysis should be conducted by Pacific Power, presented at a workshop including staff and stakeholders, and filed with the Commission by April 2020. For resource procurement recommendations, please see the specific section below.

II. SOCIAL COST OF GREENHOUSE GAS EMISSIONS IN IRPs

As specified in CETA, the social cost of greenhouse gas (GHG) emissions must be incorporated as a “cost adder” into planning decisions for integrated resource plans and clean energy action plans. Additionally, the social cost of greenhouse gas emissions must be incorporated as a cost adder when evaluating and selecting conservation policies, programs and targets; and evaluating and selecting intermediate and long-term resource options.

The purpose of the social cost of greenhouse gas emissions planning price is to internalize the external cost of emitting carbon dioxide into all planning decisions. Consequently, the methods used to incorporate the social cost of GHG are critical to achieve the intent of the law.

From a modeling perspective, the application of the social cost of GHG into utility integrated resource planning raises several complicated technical issues. For example, the Coalition's preliminary examination of this issue indicated that during portfolio analysis, if dispatch modeling informs resource or conservation investment analysis, the social cost of GHG must be included in both dispatch and investment analysis, or the modeling results are distorted. For this reason, it is important that the rules are specific enough to provide appropriate guidance to ensure that the cost adder is incorporated into planning efforts consistent with the intent of the law and consistently across utilities.

The current IRP process offered us an opportunity to examine utilities' initial approaches to incorporation of the social cost of greenhouse gas emissions in IRP modeling. However, without a robust process to review and provide comment on the 2019 IRPs, this opportunity will be lost.

Recommendation: In order to ensure full consideration of the technical issues prior to writing rule language, the Coalition recommends that Commerce and the Commission hold a joint workshop to examine the modeling options for implementing CETA planning requirements. Stakeholders and utilities should be encouraged to provide input and help determine the modeling approaches that will be explored through the workshop. To prepare for the workshop, the WUTC should require utilities to provide application of several different modeling approaches to their integrated resource planning process using the most recent updated inputs and models and Commerce should encourage other utilities to participate. The utility modeling result

s should be presented and discussed at a public workshop. Rulemaking and the associated public input should commence after the workshop.

III. BIENNIAL CONSERVATION PLANS

Biennial conservation plan target setting relies on data and analysis from the most recent IRP. Additionally, the Laws of 2019, Chapter 288 require the integration of the social cost of greenhouse gas emissions into biennial conservation targets. If the IRP process is delayed until 2021, the Coalition is concerned about how this impacts BCP target setting. It is essential that updated information be used to set the BCP targets that are in

compliance with CETA. We look to the Commission for guidance about how to ensure that updated information and the social cost of greenhouse gas emissions are used to update the initial BCP targets filed on November 1, 2019.

Recommendation: Require most up-to-date information regarding conservation potential be used to set BCP targets, even if it is not part of a filed IRP. Data inputs and analysis must be made available as part of the filing for stakeholders to review. Additionally, the Commission should require utilities to incorporate the social cost of greenhouse gas emissions into target calculations and update targets no later than February 2020.

IV. RESOURCE PROCUREMENT DECISIONS

While the Coalition understands that resource procurement processes in Washington are not necessarily dependent upon the most recently filed IRP, we point out that the public participation process and transparency for resource procurement processes are significantly different than the public participation process and transparency for IRPs. This gives us concern about effectively delaying the more transparent and open process that, while not binding, nevertheless has significant bearing on resource procurement. Additionally, the new law requires some changes to resource procurement, most notably the requirement to integrate the social cost of greenhouse gas emissions in these decisions. Stakeholders need to be assured, through formal Commission process, that the utilities are complying with CETA in their resource procurement decision-making.

Recommendation: Consider ways to make resource procurement processes more open and transparent to allow sufficient stakeholder participation and to provide assurance that utilities are complying with the full scope of Washington laws relating to resource procurement.

V. TIMING

Having all three utilities subject to the same deadline may create bandwidth issues for intervening parties and staff. Additionally, it might be worthwhile to consider how the filing deadlines for multistate utilities will work with filing deadlines in other states.

Recommendation: Consider staggering or adjusting slightly the filing and comment deadlines for each utility.