



U-240281

92 Lenora St #189
Seattle, Washington
Received 98121
Records Management
Oct 21, 2024

October 21, 2024

Jeff Killip
Executive Director and Secretary, Washington Utilities and Transportation Commission
621 Woodland Sq. Loop SE
Lacey, Washington 98503

Re: U-240281, Sightline Institute's Comments on the Rulemaking required to implement ESHB 1589

Dear Executive Director Jeff Killip,

Sightline Institute appreciates the opportunity to comment on the Washington Utilities and Transportation Commission rulemaking to implement ESHB 1589 pertaining to the consolidation of a large combination utility's gas and electric operations planning requirements into an integrated system plan ("ISP"). Sightline is an independent research and policy center with more than 30 years of experience in climate and energy policy in Washington and the broader Northwest. Our comments below pertain to the draft rules and associated questions put forth in a Notice of Opportunity to File Written Comments and a Notice of Workshop dated September 20, 2024.

Question 2. Content of an ISP, long-term and implementation sections:

- a. **WAC 480-95-030: Please identify any issues with the draft rule language and provide recommendations to address those concerns through comments or redline edits.**
- b. **WAC 480-95-040: Please identify any issues with the draft rule language and provide recommendations to address those concerns through comments or redline edits.**

Response: The rules do not clearly require the ISP to evaluate electrification of all end uses currently served by natural gas.

The proposed rule language (WAC 480-95-030, Section 11.f) requires a large combination utility to explain how the ISP will "achieve all cost-effective electrification of end uses currently served by natural gas identified *through an assessment of alternatives to known and planned gas infrastructure projects*, including non-pipeline alternatives, rebates and incentives, and geographically targeted electrification" (emphasis added).

This wording could imply that the ISP *only* needs to assess cost-effective electrification as an alternative to planned and known gas infrastructure projects. Instead, to be consistent with the legislature's intent "to require large combination utilities to decarbonize their systems," the ISP should assess cost-effective electrification for the entire gas delivery system.

We propose editing this rule to say: "achieve all cost-effective electrification of end uses currently served by natural gas, **including, but not limited to**, those identified through an assessment of

alternatives to known and planned gas infrastructure projects, including non-pipeline alternatives, rebates and incentives, and geographically targeted electrification.”

Response: The rules do not clearly require the ISP to evaluate non-pipeline alternatives for the entire gas delivery system.

The proposed rule language (WAC 480-95-030, Section 5.b) requires the ISP to assess non-pipeline alternatives, including geographically targeted electrification “as an alternative to replacing aging gas infrastructure or expanded gas capacity.”

Non-pipeline alternatives, such as geographically targeted electrification, could be a cost-effective way to decarbonize pipeline segments that are underutilized or have a higher-than-average cost of operation and maintenance. If the ISP only evaluates non-pipeline alternatives to replacing aging gas infrastructure or expanded gas capacity, the ISP will undoubtedly miss the potential to decarbonize the gas system and reduce the gas rate base, as the legislature intended.

A more comprehensive requirement in the draft rules is found in the electrification potential assessment (WAC-480-95-030, Section 3.b.ii), which Sightline supports. However, this section is misplaced. Geographically targeted electrification does not meet the definition of distributed energy resource in WAC 480-95-020.

To comply with legislative intent to reduce gas rate base and decarbonize the utility and improve clarity, we propose moving the electrification potential assessment from Section 3 (Distributed Energy Resource) to Section 5 (Delivery System Assessment) and making it its own sub-section (WAC 480-95-030, Section 5.c). Additionally, we recommend promoting 5.b.iii to the same outline level as 5.b to ensure the ISP assesses non-pipeline alternatives for the entire gas delivery system, not only as compared to replacement and capacity enhancement projects.

Finally, we recommend outlining more specifically what the non-pipeline alternative assessment and electrification potential assessment must entail. The Massachusetts Department of Public Utilities recently issued an order ([DPU-20-80-B](#)) stating that “As part of any future cost recovery proposals, LDCs will bear the burden of demonstrating that NPAs were adequately considered and found to be non-viable or cost prohibitive in order to receive full cost recovery.” We recommend that the proposed rulemaking language for implementing ESHB 1589 require a similar cost-benefit analysis of non-pipeline alternatives.

Question 5: Definitions – general: Are there other definitions within the proposed rules that are missing or need to be changed? If yes, please explain.

Response: The rules do not define “treatment of geographically targeted electrification.”

In proposed rule WAC 480-95-050, Section 1, the term “treatment” is used without definition: “A large combination utility must include in its integrated system plan the location and costs of planned pipeline replacements and repairs in its assessment and **treatment** of geographically targeted electrification.” We encourage the UTC to define treatment in this context.

General comment

Lastly, Sightline believes the attempt in WAC 480-95-050, Section 3 to eliminate bias towards electrification in a large combination utility's dual fuel service area may unintentionally stymie decarbonization. While Sightline supports promoting parity in electrification between a utility's gas-only and dual fuel service sub-territories, the rule could lead to lackluster results, setting back decarbonization progress.

Instead, we suggest using the inputs of non-pipeline alternative ranking (WAC 480-95-030, Section 5.b.iii) and cost-effectiveness (WAC 480-95-030, Section 3.b.ii) to identify *all* viable locations for cost-effective geographically targeted electrification. This list can be further augmented with special considerations for low-income communities as required in ESHB 1589, Section 3.4.i. This list can then be used by the UTC to set separate geographically targeted electrification targets for a utility's dual fuel and gas-only service sub-territories with the goal of eliminating bias towards electrifying dual fuel areas.

Thank you for considering our comments.

Respectfully submitted,

Emily Moore
Director, Climate and Energy
Sightline Institute

Laura Feinstein,
Fellow, Climate and Energy
Sightline Institute