



PUGET SOUND ENERGY

The Energy To Do Great Things

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January 28, 2010

Mr. David W. Danner
Executive Director and Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, WA 98504-7250

Subject: Docket No. U-090222
Review of PURPA Standards in the Energy Independence and Security Act of 2007
Comments of Puget Sound Energy, Inc.

Dear Mr. Danner:

Puget Sound Energy, Inc. ("PSE" or the "Company") appreciates the opportunity to participate in the Commission's examination of whether new regulations are needed to govern six aspects of investor-owned electric and natural gas utility operations for which new federal standards are included in the Energy Independence and Security Act of 2007, Public Law 110-140 (EISA). In response to the Commission's Notice of Opportunity to Submit Written Comments regarding the Proposed Rule dated December 28, 2009, in Docket No. U-090222 regarding PURPA Standard 18(A), PSE offers the following comments, edits and suggested rule language.

COMMENTS

In consideration of the Smart Grid Technology Report proposed under Docket U-090222, it is important to place the report in the context of the national activities around Smart Grid. The Energy Independence and Security Act of 2007 ("EISA") and Smart Grid Demonstration Projects and Smart Grid Investment Grant Program funded under the American Recovery and Reinvestment Act of 2009 ("ARRA") have created several information gathering and feedback mechanisms that will greatly shape utilities knowledge of and decision-making process around investments in Smart Grid technologies.

Specifically, these information gathering and feedback mechanisms are:

- Development of interoperability standards under the EISA Section 1305 , which is currently underway;
- Department of Energy's ("DOE") evaluation of the overall and net benefits of Smart Grid Demonstration Projects funded under ARRA to consumers, companies, and society as a whole;
- Department of Energy's evaluation of overall and net benefits from projects funded under the Smart Grid Investment Grant Program;
- Smart Grid Information clearinghouse to be developed by the Department of Energy.

It is anticipated that all of these evaluations will continue to evolve through at least 2014. In addition to the programs listed above, concurrent research, development, and deployment programs for smart grid technologies and related technologies (e.g. electric vehicles) will be underway by DOE's national labs and other public and/or private entities.

The following sections provide specific comments and suggested rule language in response to the Proposed Rule posed in the Notice of Opportunity to Submit Written Comments.

WAC 480-100-505 (2)(a)

Comments:

"Smart grid function" still does not align entirely with the federal definition in EISA 2007.

Suggested Rule Language:

WAC 480-100-505 (2)(a) (vi), (vii) and (viii)

"(vi) The ability to use two-way communication to enable different customer contracts or programs, such as real time prices or demand response programs.

(vii) The ability to manage end-use services that; provide reduced operating or power costs, improved reliability, or improved power quality or provide new services or new delivery of services, such as energy efficiency or charging electric vehicles.

(viii) The ability to use real time measurement of power use or generation, power quality, or system status or operations."

WAC 480-100-505 (2)(a)

Comments:

Some smart grid functions may already be covered under the definition of conservation. As has been noted in our previous comments, some smart grid functions do not need smart grid technologies in order for those functions to be implemented.

WAC 480-100-505 (2)(b)

Comments:

Because of the many interconnected aspects of Smart Grid, pilots will be important to test feasibility, functionality and cost effectiveness prior to decisions on major Smart Grid deployments. There needs to be acknowledgement that pilot programs that are testing the feasibility or customer acceptance of a technology may not be cost-effective in themselves, but through careful design and implementation, will lead to overall less cost in evaluation, design, and deployment of Smart Grid technologies.

Suggested Rule Language:

WAC 480-100-505 (2)(b)

““Smart grid pilot” means a project designed to test the feasibility, or cost-effectiveness of smart grid technologies or customer acceptance of such. Such projects may not be cost-effective as a stand-alone project, but should lead towards better cost-effectiveness of overall Smart Grid deployment.”

WAC 480-100-505 (2)(c)

Comments:

This definition seems to not include enabling customer products and program behind the meter or enabling distributed generation.

Suggested Rule Language:

WAC 480-100-505 (2)(c)

“Smart grid technologies” means any technology intended to enable “smart grid functions” as described under 2(a). Smart grid technologies include, without limitation, measurement devices, communication equipment, information processing equipment and software, and control devices.”

WAC 480-100-505 (2)(d)

Comments:

PSE interprets this language to mean that a utility is only required to submit a report describing smart grid technologies that it has both implementation plans for and an evaluation of.

WAC 480-100-505 (4)(a)

Comments:

The insertion of the term “commercially available” is intended to help refine the focus of the report on mature technologies that will be able to deliver value as intended for various defined functions of smart grid. This clarification of commercially available aligns more closely to existing integrated resource planning rules.

Suggested Rule Language:

WAC 480-100-505 (4)(a)

“A description of the commercially available smart grid technologies the utility has considered for integration into its system, and the utility’s evaluation of such technologies.”

WAC 480-100-505 (4)(a)

Comments:

PSE interprets this language to mean that a report only requires an inclusion of a description of smart grid technologies that a utility has both considered for integration into its system and has completed a full evaluation of such technologies.

WAC 480-100-505 (4)(a)(i) – (x)

Comments:

PSE interprets this language to mean that the details that need to be contained are only those details that the utility has both considered and evaluated.

PSE interprets this list of examples of details to be merely examples, and any or all of the items on the list are merely examples, not requirements.

WAC 480-100-505 (4)(b)

Comments:

The insertion of the term “commercially available” is intended to help refine the focus of the report on mature technologies that will be able to deliver value as intended for various defined functions of smart grid. This clarification of commercially available aligns more closely to existing integrated resource planning rules.

Suggested Rule Language:

WAC 480-100-505 (4)(b)

“Identification of any commercially available smart grid technologies that may be cost-effective and available for the utility...”

WAC 480-100-505 (4)(c)

Comments:

The description of the utility’s plans and timelines should not proscribe the actions during that interval of time. Likewise the description of the utility’s plans and timelines should not preclude or lessen the ability of the utility to act upon value opportunities involving smart grid technologies that may emerge that were not specifically identified in any previous reports.

Suggested Rule Language:

WAC 480-100-505 (4)(c)

“A description of the utility’s plans and timeline for implementing any smart grid technologies during the two years following submission of the report. The description of plans and timelines does not preclude the utility from acting upon any opportunities that may emerge from time to time, that which were not specifically identified in any previous reports.”

WAC 480-100-505 (4)(d)

Comments:

This language should not preclude the implementation of technologies not initially mentioned in previous reports.

Suggested Rule Language:

WAC 480-100-505 (4)(d)

“After the first report, all subsequent reports should include information on the utility’s progress on any smart grid technologies scheduled for implementation as stated in its previously filed reports and any smart grid pilot project the utility has undertaken. This does not preclude other implementation of technologies not initially mentioned in the previously filed reports.”

WAC 480-100-505 (8)

Comments:

The evaluation of smart grid technologies will likely contain information exempt from disclosure under Chapter 42.56 RCW, such as security information protected under RCW 42.56.420 and valuable commercial information including, but not limited to, trade secrets, costs, financial information, network configuration and design information, protected under RCW 42.56.270. Therefore rules will be necessary so that the electric utility will be able to designate and protect all security information and valuable commercial information contained in the report. Release of value commercial information will ultimately and inevitably lead to higher costs to the utility customers.

Suggested Rule Language:

WAC 480-100-505 (8)

“All security information subject to protection under RCW 42.56.420 that may need to be included as part of this report shall not be released to the public for inspection or copying. All valuable commercial information that may need to be included as part of this report shall be protected at the highest level of confidentiality allowed for in applicable statutes and rules, including the designation of "highly confidential" for information, that if disseminated, imposes a highly significant risk of competitive harm to the disclosing party. The protection of valuable commercial information protects utility ratepayers from having to pay more for implementation of smart grid technologies”

WAC 480-100-505 (9)

Comments:

The purpose of the periodic reports is to inform the commission of the utility's evaluation and plans using the available information at that time, it is not for the purpose of determining whether or not the electric utility is subject to penalties should those plans for implementation change.

Suggested Rule Language:

WAC 480-100-505 (9)

"The report is for informational purposes only, using available information at that point in time. Should an electric utility decide not to implement smart grid technologies as stated in previously filed reports it shall not be subject to any penalties."

PSE appreciates the opportunity to present its viewpoint on this issue and looks forward to further discussions on this topic. Please direct any questions regarding these comments to Eric Englert at (425) 456-2312 or the undersigned at (425) 462-3495.

Sincerely,

/s/ Tom DeBoer _____

Tom DeBoer
Director – Federal & State Regulatory Affairs