PUGET SOUND ENERGY
DRAFT WASHINGTON CLEAN ENERGY IMPLEMENTATION PLAN
October 15, 2021
Docket UE-210795

COMMENTS OF THE ENERGY PROJECT

November 12, 2021

I. INTRODUCTION

The Energy Project (TEP) appreciates the opportunity to comment on PSE's Washington Draft Clean Energy Implementation Plan, issued on October 15, 2021 (Draft CEIP). The Energy Project joined with other PSE Advisory Group members Public Counsel and NWEC, and with Front & Centered to develop recommended Customer Benefit Indicators (CBI) in July, and shared them with PSE at that time.[1] In general, the focus of these comments is to respond to PSE's selected CBIs and to suggest where our recommended CBIs can be added to the CEIP in order to improve the plan.

These comments highlight key areas of concern for TEP based on our review of the Draft to date. However, the Draft CEIP is nearly 200 pages long and additionally contains a large volume of documents in its 12 appendices. We may have additional points to address as analysis of the draft continues, issues are clarified, and other party comments are reviewed.

General Points

The Energy Project recommends that the PSE CEIP give greater consideration to the approach reflected in the July 30 Joint Advocate CBIs. Since WAC 480-100-640(4)(c) requires

[1] Joint Comments on Customer Benefit Indicators on Behalf of The Energy Project, Front And Centered, NW Energy Coalition, and the Washington State Office of The Attorney General, Public Counsel Unit, July 30, 2021. ("Joint Advocate CBIs" or "JA CBIs"). The comments have been shared with utilities and stakeholders and filed with the Commission.

that each utility must include, at a minimum, at least one CBI for each statutory element, the JA CBI recommendations are organized around the benefit areas identified in the statute and rule, with specific CBIs identified for each element, along with suggested metrics for each CBI. This approach is depicted in Attachment A submitted with these comments. In addition, Attachment A compares PSE's draft CBIs with the JA CBIs, indicating whether or not there is overlap between the two. The Energy Project's analysis finds that only a little over one third of the JA recommendations are addressed or partially addressed in the Draft CEIP. The Energy Project recommends additions or modifications to the Draft CEIP in order to improve the effectiveness of the final product.

As Attachment A shows, there are some areas of agreement between the PSE Draft CEIP CBIs and the JA CBIs. On the other hand, PSE's CBIs are not as extensive or detailed as the JA recommendations. PSE's CBIs in a number of cases are quite general and high level, and may not satisfy the definition of a CBI in WAC 480-100-605. Overall, TEP believes there is a need for more specificity in the draft CBIs, and the metrics used to measure progress. In addition, as discussed below, several important areas are not addressed in the PSE draft CBIs. The JA CBIs goal is to add some more completeness and practical specificity measuring improvement in particular tangible areas that reflect whether or not direct benefits are being experienced by customers.

An overarching concern based on TEP's review so far is a clear understanding of how PSE's planned activities will impact their CBIs, especially in areas that are critical for vulnerable populations and highly impacted communities, including low-income customers. WAC 480-100-640(5) requires the utility to present in tabular form certain information about CBIs in connection with its "specific actions" to meet CETA requirements. It is TEP's understanding

this information is presented in Appendix L to the Draft CEIP, labeled CEIP Programs and Actions Master Table. Reviewing the Appendix, it appears that specific actions are not listed or described for several important statutory elements and related CBIs, including Reduction of Burdens, Reduction in Cost, and Reduction of Risk. The Energy Project would like to see this addressed in the final CEIP.

The Energy Project has some concerns about the weighting and prioritization process used to develop the CBIs. First, as a general matter, TEP questions whether it is appropriate to prioritize one element of the statute over another. CETA itself does not require the prioritization and as written conveys the intent that each of the statutory elements is to be given equal weight. This is consistent with the standard principles of statutory interpretation. The Energy Project appreciates the intention of the residential survey in representing marginalized populations. However, we believe it may not be the most representative of named communities. Since the primary media through which customers learned of the survey were email or social media, the customers most likely to fill out the survey were those with internet access and skills, creating a skewing effect on the results. PSE itself acknowledge the "[t]he survey results are not scientific and are not predictive of the opinions of PSE customers or people in PSE's service area."[2] This raises the question of why the survey was given weight in the selection of CBIs.

Another general comment is that the PSE framework is somewhat confusing. The Draft CEIP list the proposed CBIs and metrics in Appendix H, Figure H-1[3], linking CBIs and metrics to multiple statutory elements. The overlap and redundancy make it more difficult to track which CBI and which metrics are related to a given statutory element. While there is certainly some potential overlap, TEP recommends an approach that minimizes duplication and makes

[2] PSE Draft CEIP, pp. 176.
[3] This same figure/table is shown as Table 3-1 in the Draft CEIP.

decisions about where CBIs and metrics fit in the framework, so as to give adequate weight to each discrete statutory element. This is addressed in more detail in the next section.

The Draft CEIP states that "PSE will continue to work with stakeholders in identifying and developing future customer benefit indicators and data sources for CBI metrics, and reporting on these sources and baseline data in 2022."[4] The Energy Project agrees this is a long-term process and this commitment is welcome. At the same time there is still a need for more work on the current CEIP, and time to make improvements within the current schedule. With regard to data sources, the draft CEIP seems to set up barriers to adoption of metrics based on various concerns about privacy requirements and whether reports are "in common use", as well as availability and relevancy of data. While there may be some validity to these concerns as a general matter, TEP believes there are substantial sources of publicly available data, or data currently available to PSE, sufficient to develop robust metrics for the initial CEIP. The focus at this stage should be on designing metrics for the current plan based on this available data, avoiding reliance on data that has privacy concerns or is not in common use. This CEIP will be in place for four years, and requires best efforts for a strong initial framework, rather than a minimalist approach, with a promise of future CBIs to be developed after this plan is final.

II. CUSTOMER BENEFIT INDICATORS

The Energy Project continues to recommend inclusion of all the CBIs listed in the Joint Advocate recommendations in July, as reflected in Attachment A. Areas of heightened concern for TEP, in terms of some of the salient issues and metrics not reflected in the CBIs of the Draft CEIP, are described below. As a framework for identifying TEP's concerns, this discussion looks at the relevant statutory elements, focusing on the presentation of CBIs and related metrics

[4] PSE Draft CEIP, p. 10.

by PSE in its Appendix H, as summarized in Figure H-1 (Draft customer benefit indicators and metrics).[5]

A. Energy Benefits

In Figure H-1, the Draft CEIP identifies only one CBI for this statutory element: "Improved participation from named communities." The related metric is the "count and participation" within named communities. As an initial matter, this indicator seems to be more appropriately linked to another statutory element, Reduction of Burdens, which the Figure H-1 table acknowledges, or to Reduction of Cost.[6] Participation in bill assistance programs is a financial benefit related to burden reduction or cost reduction and is not primarily energy related. If this "improved participation" indicator is tied to a more appropriate element of the statute, this leaves the Draft CEIP with no other identified indicator in the Energy Benefit category.

The Energy Project also questions whether this single "participation" indicator and metric is the best choice to address the broad range of matters covered by the concept of "energy benefits," particularly clean "energy benefits." The Energy Project recommends that PSE instead consider for this element, adoption of the two JA CBIs which more directly focus on energy benefits, as reflected in: (1) improved efficiency of housing stock; and (2) low-income and vulnerable population access to an increasing number of renewable resources and non-emitting DER.[7]

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[5] The Energy Project is confused by some tables presented with PSE's CBI selection and prioritization process. First, Table 3-4 includes an additional CBI, "Improved fish and wildlife habitat", that is not included in Table 3-1. Second, Table 3-4 (CBIs and Priority) does not align with Table 3-12.

[6] It is also unclear from the table which types of program participation is relevant. Appendix H mentions tracking participation in the CACAP program. Tracking CACAP only could be problematic in that CACAP is a temporary program for "crisis affected" customers adopted in response to the pandemic. Broader tracking and clarity regarding the programs involved is important.

[7] If these indicators are used, then increased program participation does become relevant, but as a possible metric, tied to energy efficiency and/or renewable and DER programs. Other proposed Joint Advocate metrics are listed on Attachment A.

B. Reduction of Burdens/Reduction of Cost

The Energy Project is concerned that PSE's CBIs for these two categories are virtually identical, and essentially just paraphrase the statutory element itself. The metrics proposed for both, i.e., "percentage of income spent," are also the same, except that one metric is broadly applicable to all customers, while the other specifies vulnerable populations and highly impacted communities. As a result, it is not clear if the rule requirement for "at a minimum, one or more customer benefit indicators associated with" each statutory element is actually met.[8] The Energy Project encourages PSE to reach further than the bare minimum in developing unique CBIs and metrics for these and for all the statutory elements. The wording of the rule itself seems to suggest a utility may seek to do more than the minimum.

The Joint Advocates include two CBIs for the Reduction of Cost statutory element:

- Expand Bill Assistance Programs - The JA list includes four recommended metrics for this CBI, of which only one (increase program participation rates) is reflected in the Draft CEIP. Additional metrics not reflected in the Draft CEIP include:
    - Increase penetration rates overall and among highly Impacted communities and vulnerable populations;
    - Increase annual program budget showing increases over prior years; Increase in customers avoiding disconnection.
- Reductions in Number and Amounts of Arrearages – This JA CBI includes a metric regarding reductions in number and percentages of residential customers with arrearages 90+ days, with breakout for customers by zip code/census tract, renter, highly impacted communities, vulnerable populations, known low income, and

[8] WAC 480-100-640(4)(c).

BIPOC communities. The Draft CEIP does not include any CBIs or metrics regarding arrearages. Omitting this measurement of reduced energy costs for customers would be a missed opportunity.

C. Resiliency/Energy Security

The approach to the statutory elements of Resiliency and Energy Security again reflects some redundance. The Draft CEIP proposes to use the same two CBIs for these two statutory elements: (1) increased resiliency; and (2) decreased frequency and duration of outages. In TEP's view, identifying "increased resiliency" as a CBI for the Resiliency element is not particularly useful, since it is simply restating the statutory element itself. This may not meet the definition of a CBI in WAC 480-100-605.

In a similar vein, identifying "increased resiliency" as a CBI for Energy Security in effect simply inserts the statutory element "Resiliency" as a CBI for another listed statutory element "Energy Security." Ultimately this type of overlap and redundancy weakens the importance of each of the discrete statutory elements, reduces the tools to advance those elements, and narrows the scope of CETA implementation.

The Energy Project agrees that decreasing the number and duration of outages is a reasonable CBI for resiliency. However, TEP recommends that this CBI and related metrics be focused on geographic areas with vulnerable populations and highly impacted communities.

As noted, PSE also lists decreased outages as a CBI for Energy Security. A more creative approach seems called for, identifying one or more different CBIs for this element. PSE already reports SAIDI/SAIFI information, so this is hardly a stretch goal for the Company. Joint Advocates recommend two CBIs for Energy Security which are more focused on the customer experience of maintaining the security of connection to essential energy services: (1) reduced

residential disconnections); and (2) improved access to reliable clean energy. None of PSE's draft CBIs include measurement or tracking of residential disconnections, another key area of concern for TEP, or of access to renewable energy.

D. Omissions From The PSE Draft CBIs

The following issue areas addressed in the JA CBIs were not reflected in PSE's draft CBIs.

- Arrearages, bills and credit scores
- Indoor air quality
- Energy efficiency
- Distributed Generation and Renewables
- Residential Disconnections

The Draft CEIP addresses some of these items in other sections of the Draft CEIP, sometimes at length. It is notable, however, that none were included in the CBIs. This is important because the CBIs are the chief mechanism for tracking progress toward implementation of the CETA goal of equitable distribution of customer benefits from the transition to clean energy. These types of key indicators are necessary to ensure that the PSE CEIP is a meaningful document.

III. LEASING FOR BATTERY STORAGE AND SOLAR

A. Draft CEIP Proposals for Battery Storage

As noted above, while Demand Response and DER were addressed in some detail in the Draft CEIP, they are notably not included in any of the CBIs. However, the Draft CEIP describes two Distributed Energy Resources programs for vulnerable populations – leasing for battery storage, and leasing of solar PVs. While energy storage and solar power can definitely provide benefits for low-income communities, TEP has significant concerns with both of these

programs as proposed. Some of the specific details, and customer costs, for the programs are not fully clear. Programs intended to benefit highly impacted communities and vulnerable populations should contribute to reduced energy burden, a centerpiece of CETA. Yet, it's not at all apparent that would occur from these programs, particularly the battery storage programs.

B. Battery Energy Storage Programs for Vulnerable Populations

PSE's plans to launch a battery energy storage leasing program, including programs for vulnerable populations, is described in Chapter 4 of the Draft CEIP.[9] PSE describes the battery programs for vulnerable populations as follows: "PSE will launch a program that leases battery energy storage systems to residential customers that incorporates a focus on vulnerable populations, including income-eligible residents. Customers will pay a small monthly fee for backup power services. PSE will also use batteries to manage system and local peaks."[10] Residential customers, including customers from vulnerable populations, will pay a monthly fee for the battery storage equipment located at their premise. In contrast, for commercial and industrial (C & I) customers, PSE will "lease space" from customers with an option to provide backup power to the customer "for a small fee."[11] For both the Residential and C & I programs, PSE intends to use the battery storage equipment to help manage system and local peaks. However, only C & I customers would be compensated with payments from PSE. The rationale for this difference in program design is not discussed in the draft CEIP.

The Energy Project has the following concerns with the battery energy storage program concept for vulnerable populations:

[9] *See* Draft CEIP, Chapter 4, "Battery Energy Storage Programs for Vulnerable Populations," pp. 102-104.
[10] *Id*, p. 102.
[11] Draft CEIP, p. 97.

- Programs that require additional costs and fees to be paid by customers in vulnerable populations and highly impacted communities (as mentioned above), such as the battery storage programs, would increase energy burden. This is explicitly contradictory to the goals of CETA and highly problematic for inclusion in a CEIP.
- Battery storage should be provided to income eligible customers, highly impacted communities and vulnerable populations at no extra cost. PSE should focus efforts on areas with income eligible customers, vulnerable populations and highly impacted communities with a history of outages and low reliability.
- As a source of backup power, some of the anticipated benefits from the battery storage program for vulnerable populations are described in the draft CEIP as follows:

> In addition to delivering grid benefits during peak events, a battery energy storage system increases resiliency because customers can use their systems for backup power. As a result, this storage program will decrease the time and duration of outages for participating customers. This can increase home comfort and improve community health as an alternative to a diesel generator.[12]

  Notably, and of serious concern, the discussion of customer benefits from these programs does not include reduction of burden. Additionally, it seems unlikely that many customers with low incomes have resources to invest in diesel generators for their home as a backup power source, as a practical matter making the "generator use avoidance" benefit unavailable.
- The estimated costs of the battery storage programs is substantial, at $51.79M (utility owned assets, non-utility owned assets, and programs for vulnerable populations).[13]

[12] Draft CEIP, p. 104.
[13] Draft CEIP, Appendix L, p. 7.

Certainly, battery storage can potentially play a significant role in expanding DER capacity, including for income-eligible and vulnerable populations. However, TEP recommends that such efforts be provided at no cost to customers, with a focus and priority on areas with lower reliability.

C. Distributed Solar Programs for Residential and Vulnerable Populations

The distributed solar program for vulnerable populations is also described as a "leasing" program, similar to the battery storage program.[14] The distributed solar program for vulnerable populations would be one component of a broader program strategy that also includes residential, commercial and industrial rooftop solar leasing of solar photovoltaic assets owned either by PSE or a third-party, at a total cost of $82.79M.[15] The Energy Project has significant concerns and questions with this program, particularly if any additional costs are borne by income eligible and vulnerable populations, which would directly contradict the goals of CETA. By contrast, the Community Solar program would provide benefits o income-eligible and vulnerable populations, apparently at no added cost and with a much larger nameplate capacity.[16] Below we discuss the residential program (benefits are expected to extend to Named Communities) and the program for vulnerable populations.

1. Residential Rooftop Solar Leasing

The flow of payments and credits for this distributed solar leasing program, and potential net costs to customers, both for residential and income-eligible residential (vulnerable populations), is not fully clear based on the descriptions in Chapter 4 of the Draft CEIP. The residential program is contemplated to include utility owned assets (solar PVs), and PSE would

[14] *See* Draft CEIP, Chapter 4, "Distributed Solar Programs for Vulnerable Populations," pp. 83-86.
[15] Draft CEIP, pp. 79-86. The $82.79M cost is shown at Appendix L, p. 6, and also includes community solar.
[16] Appendix L shows Nameplate Capacity of 25.6 MW for Community Solar, a portion of which would be dedicated to income-eligible customers, whereas the distributed solar leasing program for vulnerable populations has a Nameplate capacity of 2.7 MW. Appendix L, p. 6.

lease rooftop space from residential customers in exchange for installation of the solar PV. The CEIP states, "[Residential c]ustomers will receive a monthly lease payment, and PSE will generate renewable energy to supply the grid. This DER approach enables customers to participate and benefit from clean energy generation without any upfront investment."[17] While residential customers may receive credits for leasing of their rooftop, it also seems implied that while they would not incur "upfront investment" in solar, enrolled customers would be required to make payments for the solar generation. The draft CEIP refers to the "complex billing" systems needed for these programs.[18]

The expected customer benefits of the residential program reference inclusion of "named communities" but does not mention reduction of energy burden as a program benefit. Instead, the following customer benefits of the residential program are identified: non-energy, environment, and health.[19] There is mention of the credit applied to the customer's utility bill, presumably for the rooftop lease, but again, it seems likely that customers would still face a net cost under the program, for the solar PV. The customer benefits of the residential program are further described in this way: "The installation of these solar PV systems will support an increase in clean energy jobs. By taking these specific actions, customers, including named communities, will face decreasing health and environmental burdens. See Table 3-1 for PSE's customer benefit indicators."[20] Notably, reductions of cost and reductions of burden are not identified as customer benefits. In contrast, the Community Solar program does identify "burden reduction" as a customer benefit.[21]

[17] Draft CEIP, p. 79.
[18] *Id.*, p. 80.
[19] *Id.*
[20] *Id.*
[21] *Id.*, p. 88.

2. Distributed Rooftop Solar Leasing for Vulnerable Populations

The distributed solar program for vulnerable populations is described as an extension of the other programs (PSE-owned, customer-owned, third-party owned solar), as an effort to "reduce barriers for vulnerable populations to access and benefit from DERs."[22] Again, however, what is not clearly explained, is whether customers would face net costs from the program, despite a possible rooftop lease credit. The program is expected to include single family residences as well as multi-family buildings.

As with the residential program discussed above, there may be two leases under the program. PSE may lease rooftop space, providing a credit to customers, but then in turn the enrolled customers may also lease the solar PV. Similar to the residential program, the distributed solar program for vulnerable populations would necessitate complex billing system upgrades. The Draft CEIP description of the vulnerable population program states that in 2023, "PSE will also scope billing system changes to reflect monthly lease payments on customers' bills and begin complex billing enhancements as needed (see DER Enablers—Customer Enablement)."[23] The reference here to "monthly lease payments on customers' bills," as opposed to monthly credits, suggests that customers of the program for vulnerable populations may still be faced with a net increase in costs rather than a reduction of costs. The costs associated with the required billing system upgrades may be rather large. Appendix L mentions "DER work enablement work streams, strategic procurement, customer, and operations" at a cost of $32.7 million. There is no further explanation or description of attributes associated with this expense, however.[24]

[22] *Id.*, p. 83.
[23] *Id.*, p. 84.
[24] Appendix L, p. 8.

The distributed solar program for vulnerable populations is expected to include multifamily buildings and residences as well, through a range of different program components. The draft CEIP describes the multifamily solar offerings in this way:

> PSE will support the adoption of solar PV at multi-family unit buildings through partnerships and incentives for multi-family customers. PSE will facilitate solar PV installation on multi-family buildings by connecting with technology providers and billing support systems to share production across units. PSE will also offer multi-family unit building owners incentives to reduce their upfront cost to install and own solar in PSE's service territory.[25]

Again, however, what is not fully clear based upon this description, is what costs are expected to be borne by residential customers themselves in multi-family housing. Any added costs passed on to directly or indirectly to residential customers living in multi-family housing would be of concern.

The Draft CEIP identifies the same customer benefits for the solar program for vulnerable populations as the residential program: non-energy, environment, and health.[26] Once again, reductions of cost and reduction of burden are not clearly identified as customer benefits. Contributing to the confusion, the discussion of customer benefits for the distributed solar program for vulnerable populations also refers to "community solar," but that is a different programmatic effort, described in the subsequent section of the draft CEIP. The complete discussion of customer benefits for the distributed solar leasing program for vulnerable populations is provided below:

> These programs provide customer benefits in non-energy, environmental, and health. The Community Solar and Residential Rooftop Solar Leasing programs will improve participation from named communities and reduce the energy burden for income-eligible customers through monthly credits at no cost to the consumer. The multi-family programs help broaden access and improve the affordability of clean energy. These programs contribute to reduced greenhouse gas emissions by allowing PSE to install solar for clean energy generation, which

[25] Draft CEIP, p. 84.
[26] *Id.*, p. 85.

> contributes to improved air quality. Finally, the installation of these solar PV systems will support an increase in clean energy jobs. See Table 3-1 for PSE's customer benefit indicators.[27]

While this customer benefit section mentions "no cost to the consumer," that may apply to the Community Solar program, described later in the Draft CEIP, which would offer credits to customers. Again, although there may be some credits to customers for the rooftop lease, the reference to "improving affordability of clean energy," and the description of the program suggest customers may also be required to make lease payments to PSE for the solar PV.

To the extent any of these programs would require customers to make an additional payment to the utility (or third-party entity), possibly including interest, would seem to directly contradict CETA's goals to reduce energy burden for these customers. Instead, such a program concept would increase the energy costs and burdens of the very populations CETA is seeking to ensure are not harmed as a result of the transition to clean energy. As already noted, the Master Table of CEIP Programs and Actions in Appendix L does not include reference to the following three statutory elements: Reduction of Burdens, Reduction in Cost, Reduction in Risk. This absence contributes to the confusion and lack of clarity surrounding the potential impacts, benefits, and costs of the distributed solar leasing programs. We hope these statutory elements are included in the final list of CEIP Programs and Actions.

A final point regarding the proposed battery storage and solar DER leasing programs for vulnerable populations, TEP recognizes that these programs are anticipated by PSE to contribute to managing local and system peaks and to meeting peak capacity. The Energy Project recommends that PSE consider whether direct load control (DLC) programs might represent a more straightforward and cost-effective means of achieving those goals. We observe that

[27] *Id.*, pp. 85-86.

Appendix L does include five DLC programs as part of its Demand Response target, with a total expected cost of $5.3 million.[28] Perhaps some of these DLC programs can be expanded. In addition, none of the DLC programs appear to mention inclusion of income-eligible or vulnerable populations, another potential area for further consideration.

IV. CONCLUSION

The Commission's CEIP rules create an expectation of significant consultation by the Company with its Advisory Groups, which would include the PSE's Energy Efficiency and Low-Income Advisory Groups in the development of the CEIP.[29] The Energy Project's experience and perception to date is that consultation with these Advisory Groups has been relatively limited. Consistent with the rule, TEP is hopeful that the recommendations which the Advisory Group members have submitted, including the Joint Advocate CBI recommendations, will receive further discussion in the Advisory Groups and serious consideration for inclusion in the final CEIP.

As these comments suggest, TEP sees significant gaps in the Draft CEIP CBIs in addressing the statutory elements that have particular significance for low-income, vulnerable populations and highly impacted communities. These should be better addressed in order to develop a comprehensive and effective set of CBIs. The Energy Project also has concerns with the proposed leasing programs for battery storage and solar for vulnerable populations, particularly to the extent these programs result in net additional costs to customers. The Energy Project recommends more emphasis be given to Community Solar and to direct load control alternatives.

[28] Appendix L, p. 4.
[29] WAC 480-100-655(1).

The Energy Project looks forward to working with the Company and with other member of PSE's Energy Efficiency (CRAG) and Low-Income Advisory Groups, as well as the Equity Advisory Group to try to reach consensus on the final set of CBIs for measuring equitable transition to clean energy under CETA.