



May 8, 2025

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

U-240281

Received
Records Management
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Re: U-240281, Comments of Renewable Northwest, Climate Solutions, Northwest Energy Coalition, and Rewiring America on the Rulemaking required to implement ESHB 1589

Dear Jeff Killip,

On April 8, 2025, the Washington Utilities and Transportation Commission ("UTC" or "Commission") issued a Notice of Opportunity to File Written Comments ("Notice") on the latest iteration of integrated system plan ("ISP") draft rules required to implement ESHB 1589. This version of the draft rules incorporates a section on the 'cost test' pursuant to RCW 80.86.020(9), which has been developed in a separate but parallel track within this docket. The rules also reincorporate elements that were previously removed due to I-2066, which has since been ruled unconstitutional by the King County Superior Court.

Renewable Northwest, Climate Solutions, NW Energy Coalition, and Rewiring America appreciate the opportunity to file joint comments on the draft rules. Renewable Northwest is a non-profit advocacy organization that works to decarbonize the region by accelerating the transition to renewable electricity. Climate Solutions is a Northwest-based clean energy nonprofit advocacy organization with the mission of accelerating clean energy solutions to the climate crisis. NW Energy Coalition is an alliance of over 100 environmental, civic and human service organizations, progressive utilities, and businesses working to advance clean and affordable energy in the northwest. Rewiring America is a leading electrification nonprofit focused on electrifying American homes, businesses, and communities through developing accessible data and tools, spurring market transformation, and simplifying the transition to electric solutions.

We thank the Commission and Staff's efforts to update the draft rules in response to quickly changing statutory requirements as well as incorporating feedback received from

stakeholders' previous comments. We are overall pleased with the direction of this iteration of draft rules and offer suggestions below on how to improve them.

In its Notice, the Commission asked interested parties to provide comments on the final set of informal draft rules. The Commission also posed specific questions to interested parties: eight related to the cost test and eight related to other parts of the draft rules. Our comments are divided into three parts: Part 1 addresses the cost test questions. Part 2 addresses the Commission's other questions. In Part 3, we provide additional comments on the draft rules.

1. Questions for Consideration on the Cost Test

In our comments below, we include both the Commission's questions on the cost test and our responses.

1. The draft ISP rules require that the cost test be used both to determine a lowest reasonable cost portfolio, as defined in RCW 80.86.010(22), and to support the Commission in its public interest determination, as described in RCW 80.86.020(11). Are any of the impacts included in the cost test not included in RCW 80.86.010(22) or RCW 80.86.020(11)? Conversely, are there any impacts included in RCW 80.86.010(22) or RCW 80.86.020(11) that are missing from the cost test?

We agree with draft ISP rules that the cost test should be used as a tool to determine a lowest reasonable cost portfolio, and to support the Commission's public interest determination. However, there are several components that are not consistent across the cost test, RCW 80.86.010(22), and RCW 80.86.020(11).

Starting with RCW 80.86.010(22), there are several requirements included "at minimum" in the Commission's analysis of commercially available resources and measures. The following requirements are missing from the cost test:

- Long-term costs and benefits;
- Public policies regarding resource preference adopted by Washington state or the federal government;
- The cost of risks associated with environmental effects including potential spills and emissions of carbon dioxide.

Similarly, RCW 80.86.020(11) requires the Commission's public interest determination to include several impacts that are missing from the cost test as currently written. These include:

- “The equitable distribution and prioritization of energy benefits and reduction of burdens to vulnerable populations, highly impacted communities, and overburdened communities;” (RCW 80.86.020(11)(a))
- “Long-term and short-term public health, economic, and environmental benefits and the reduction of costs and risks.” *The cost test does not explicitly include long-term and short-term benefits.* (RCW 80.86.020(11)(b)); and
- “Energy security and resiliency”; (RCW 80.86.020(11)(f)).

Additionally, RCW 80.86.020(11) requires the Commission’s public interest determination to evaluate whether the ISP achieves the following, which are missing from the cost test:

- Would achieve a proportional share of reductions in greenhouse gas emissions for each emissions reduction period on the gas and electric systems (RCW 80.86.020(11)(i));
Note: Two other sections reference this. WAC 480-95-030(6) includes analysis of how different portfolios and actions contribute to achievement of this proportional share of emissions reductions, and WAC 480-95-050(4)(d) requires scenarios that achieve these emissions reductions, but this language is not sufficient to meet the statutory requirement. We recommend also including this requirement in the cost test section, WAC 480-95-030(8).
- Would achieve the energy efficiency and demand response targets in subsection (4)(e) and (g) of this section (RCW 80.86.020(11)(ii));
- Results in a reasonable cost to customers, and projects the rate impacts of specific actions, programs, and investments on customers (RCW 80.86.020(11)(iii));
- Would maintain system reliability and reduces long-term costs and risks to customers (RCW 80.86.020(11)(iv));
- Would lead to new construction career opportunities for workers to perform work on construction and maintenance of new and existing renewable energy infrastructure (RCW 80.86.020(11)(v)); and,
- Describes specific actions that the large combination utility plans to take to achieve the requirements of the integrated system plan (RCW 80.86.020(11)(vi)).

We recommend the Commission ensure these statutory requirements are all included as societal and/or rate and bill impacts evaluated in the cost test, or alternatively, specify where these statutory requirements will be evaluated elsewhere in the ISP.

2. The draft ISP rules require the inclusion of both monetized and non-monetized impacts. The Commission recognizes that while many impacts need to be included in the cost test, not all impacts can or should be monetized or quantified. For example, best practices suggest that some equity impacts should not be monetized and that equity

impacts should be compared separately, alongside the monetary results of benefit-cost analysis. Likewise, rate and bill impact analysis should be compared alongside cost analysis. Do the draft rules provide sufficient flexibility to account for both monetized and nonmonetized impacts in the cost test?

Yes, we believe the draft rules provide enough flexibility.

3. The draft ISP rules are written to allow a large combination utility to use current practices to account for both monetized and non-monetized impacts when applying the cost test, and to incrementally improve on the monetization and quantification of hard-to-quantify impacts leading up to each subsequent integrated system plan. Is it clear that the draft rules allow for incremental improvements over time? What additional guidance may be needed to assist a large combination utility to account for non-monetary and hard-to-quantify impacts?

It is not clear that the draft rules allow for incremental improvements over time. We are concerned that if this allowance is not explicitly stated, the default will be to stick to whichever methodology is used in the inaugural integrated system plan even as best practices evolve. We recommend the ISP rules should not just allow, but direct the utility to make incremental improvements over time. Certain impacts are difficult to evaluate, and there may be disagreements on the best way to evaluate them. To address this challenge and make incremental improvements, ISP rules should require the utility to seek stakeholder feedback on the monetization and quantification of hard-to-quantify impacts.

4. The draft ISP rules allow for the cost test to be used as an input to the Commission's determination of whether the ISP is in the public interest. Each large combination utility must submit to the Commission an ISP that adequately captures the considerations from RCW 80.86.020(12) in tandem with the cost test. Do the draft cost test rules provide adequate guidance that the cost test is one input to be used to determine whether the ISP is in the public interest?

Yes, it is clear that the cost test is just one input; however, it is unclear what other inputs will be used to determine whether the ISP is in the public interest.

5. The draft ISP rules include a rate and bill impact component in the cost test to indicate the extent to which each portfolio increases or decreases forecasted rates and bills. The rate and bill impact is applied at the portfolio level, consistent with RCW 80.86.020(9), as it may be administratively burdensome to require more granular application of a rate

and bill analysis to individual customer classes. Do the draft rules provide adequate guidance both for how to apply and at what level to apply the rate and bill impacts in the cost test?

We recognize that applying rate and bill analysis to individual customer classes can be burdensome. To the extent possible, the utility should identify any factors that would uniquely impact one class or the other, with special regard to rate and bill impacts for low-income residential customers.

6. The “decision framework” section, set forth in draft WAC 480-95-050(8), outlines how each large combination utility must select its preferred portfolio based on the results of the cost test. Does the Decision Framework section provide adequate guidance for how each large combination utility should present, consider, and utilize the results of its cost test as presented in the Decision Framework? What other guidance may be needed in the Decision Framework Section?

It is unclear how the Decision Framework differs from the cost test, since its contents seem to rely solely on the results of the cost test. In previous comments, we noted that the cost test should be one of several tools informing and supplementing the ISP analysis and public interest evaluation. We would appreciate more detail in the Decision Framework section naming which other tools will be used alongside the cost test.

7. Draft WAC 480-95-050(5) requires a large combination utility to demonstrate that the integrated system plan will optimize resources across the gas and electric systems. Do the draft rules provide sufficient guidance for how a large combination utility should optimize resources across the gas and electric systems? If not, what additional guidance should be provided?

The iterative analysis requirement in the cross-cutting assessment and planning section (WAC 480-05-030) appropriately requires the utility to account for interactions between the gas and electric systems, including planning requirements, feedback loops, and opportunities for iteration. However, as noted in previous comments, there are several planning requirements that are not included in the cross-cutting assessment section such as the statutory targets required when developing the utility's CEAP.

8. The draft rules now include the requirement, previously removed from RCW 80.86.020(5) by Initiative-2066, to apply a risk reduction premium that must account for the applicable allowance ceiling price approved by the Department of Ecology pursuant

to the Climate Commitment Act, Chapter 70A.65 RCW. Does the cost test section of draft rules provide adequate guidance for how a large combination utility must evaluate a risk reduction premium? What other guidance, either in rule or elsewhere, may be needed?

We plan to submit supplemental comments answering this question.

2. Additional Questions for Consideration

1. Midway Update

The current draft rules require the utility to file a midway update if either of the following conditions are met: 1) the utility is proposing changes to its interim or specific targets or 2) the utility's assumptions have substantially changed since the most recent ISP. We appreciate Staff's addition of WAC 480-95-080(6)(b) which requires the utility to consult with its advisory groups at least one year prior to the potential filing deadline on whether either of those conditions apply. We recommend changing the language in (6)(c) to require the utility, after consulting its advisory groups, to make a filing with the Commission either requesting to file an ISP Update or forgo the Update, which the Commission will rule on in an Open Meeting with opportunity for public comment. These requirements would establish a clear process to determine whether the utility needs to file an ISP Update.

We also encourage Staff to make explicit in the draft rules that the ISP midway update will not be required until the utility reaches the 4-year planning cycles. The first several ISPs will likely be filed on a more condensed timeline, which will make it challenging for the utility to complete a midway update and for interested parties to engage with the development and review process for such an update.

Alternatively, we would support dropping the requirement for a midway update if inputs and assumptions for the full ISP can either be locked down or "refreshed" later in the planning process (i.e. closer to the time of filing). One of the principal benefits of the midway update is an opportunity for the utility to refresh its inputs and assumptions, which if sufficiently changed since the utility filed its ISP, may also require the utility to modify its near-term decisions. This is particularly important in a time of rapid change in the electric and gas industries, particularly the potential for large, yet still uncertain, load growth projections. However, the need for an update to the utility's inputs and assumptions could be mitigated by a requirement that the utility lock down inputs and assumptions for its full ISP later in the planning process. It is our

understanding that Puget Sound Energy (“PSE”) plans to lock down its ISP inputs and assumptions in the summer of 2025, 18-20 months in advance of filing the ISP. By the time the Commission decides whether to approve, approve with conditions, or reject the ISP, the information underlying the ISP is outdated by two and a half years. Should the Commission remove the requirement for PSE to file a draft ISP, PSE should at least be able to move the date by which it locks down its inputs and assumptions by at least 6 months. Ideally, inputs and assumptions would be locked down 6 months in advance of filing or less. We are also open to working with the Commission and PSE to identify a more select list of priority inputs that can be refreshed later in the planning process.

To summarize, we are proposing two distinct approaches that we believe would have a similar effect: 1) retaining the ISP midway update once we reach 4-year planning cycles and only if certain criteria are met, and 2) removing the ISP midway update requirement but locking down ISP inputs ~6 months in advance of filing or conducting a “refresh” on certain inputs closer to the filing date. Our goal is to create a streamlined process for developing and reviewing ISPs that allows for robust analysis and meaningful engagement throughout the process. We are curious to hear feedback on these two proposals or any others that would move us closer toward this goal.

2. Elimination of Ongoing Draft ISP Requirement

The newest iteration of draft rules removes the requirement to file a draft ISP. In prior versions, the large combination utility was required to file a draft ISP that, at a minimum, included the preferred portfolio, clean energy action plan (“CEAP”), specific targets, interim targets, and supporting analysis. However, it is our expectation that the large combination utility will still share draft elements of the ISP with the Resource Planning Advisory Group (“RPAG”) as is standard practice in utility advisory committees. The RPAG provides technical input to PSE as it develops the ISP and is made up of utility regulators, consumer advocates, equity and social justice organizations, energy research and planning organizations, and clean energy advocacy organizations.

We recognize that Staff is trying to strike a balance between providing an avenue for public participation and reducing the burden on the large combination utility. Should the Commission eliminate the requirement for a draft plan, we encourage the Commission to retain the public comment process on the ‘final’ ISP, which includes a written comment period and oral comments at an open public meeting. This process allows the public to weigh in on the ISP and also gives organizations that are not planning to engage in the adjudication process an avenue to voice concerns or support for various elements of the ISP. This pre-adjudication public

comment process can also signal to organizations that are planning to engage in the more formal phase of the proceeding the set of issues that matter to a broader set of parties. We think the public comment process on the final ISP, paired with the adjudication process, represents a robust approach to public and interested party participation without becoming duplicative and administratively burdensome for the Commission.

3. Low Income Electrification Consent

We appreciate the Commission's focus on low-income customers protection and ensuring that electrification efforts do not inadvertently increase energy burdens. The issue of obtaining explicit customer consent when electrification may raise a household's costs is important and we support thoughtful policies that promote affordability, transparency, and equitable outcomes.

We respectfully suggest that requiring explicit consent based on individual energy burden analysis is best addressed in the context of program design and implementation rather than in the ISP rules. The IRP process is intended to guide long-term system planning, resource selection, and investment strategies at a portfolio level. Typically, this Commission has delegated program implementation, such as energy efficiency, to program implementation workgroups, filings, and programs. We are not certain of the implications - if any - of incorporating an implementation policy into a planning rule. That said, we do not necessarily oppose the inclusion of the requirement but rather comment that it may be more appropriately addressed when the utility develops its low income electrification program.

4. Balanced consideration of targeted electrification geography

We plan to submit supplemental comments answering this question.

5. Are there any concerns about the cost of the licensing fee(s) mentioned in WAC 480-95-080(3)(d), both the direct cost, and any indirect cost to parties/staff from learning/using the fees in the long term?

In cases where the Company relies on proprietary models, it is in the public interest if parties other than the utility provide the Commission with alternative analysis, including alternative modeling, which the Commission can use to inform its decision-making. As we previously said, while it is our preference for the utilities to use open-source software, we recognize that it may not always be feasible nor optimal. Where the utility uses a proprietary model, and thus imposes an additional burden on stakeholders and the Commission to review

the inputs and outputs, it is reasonable to require the utility to facilitate and obtain licensing fees for intervenors.

It is our experience in other jurisdictions that the intervenors can obtain project-specific licenses rather than full access to the software, which reduces the costs. Intervenors do not need full licenses. Furthermore, having the utility coordinate licenses with the company that maintains the modeling software - a company in which the utility already has a robust relationship - reduces the transaction costs associated with each intervenor having to reach out and create a new relationship.

Finally, we encourage the Commission to authorize the licensing fee in addition to the existing intervenor compensation. Intervenor compensation exists to support meaningful participation. It is designed to help intervenors cover reasonable costs associated with expert participation, such as staff time and legal representation. When the utility uses a proprietary model it imposes an additional barrier created by the utilities' modeling choices. While the proprietary model may be optimal from the utility's perspective, it nevertheless imposes an additional barrier on intervenors. Requiring intervenors to divert limited intervenor compensation toward proprietary licensing fees reduces the funds available for substantive technical and legal work and sends the wrong incentive to the utility about a preference for open source tools.

6. Public Participation Plan

Whether a large combination utility files a public participation plan concurrently with, or separately from, a work plan, it is not something we take a position on. We are supportive of whichever approach proves most effective. Our priority lies in identifying a process that enhances clarity, accessibility, and the overall reviewability of the filings. For instance, if filed separately, the public participation plan and the work plan should be cross-referenced to ensure coherence and to help readers navigate between the two documents.

We want to ensure that the public is afforded sufficient time to meaningfully engage with an ISP and that the large combination utility provides materials that are accessible, clearly presented, and reflective of the real-world impacts on communities. We believe the public participation outlined in the Clean Energy Implementation Plan (CEIP) applied to these ISP rules, do not provide adequate opportunity for substantive advisory group involvement. Specifically, WAC 480-100-655(1)(g) requires utilities to make completed presentation materials available *at least three business days* prior to advisory group meetings, with allowance for subsequent updates. We recommend extending this timeframe in the ISP rules to seven days to allow individuals sufficient time to absorb and process complex information and to enable more

meaningful participation. Additionally, and possibly more importantly due to the complexity of ISPs, we advocate for the incorporation of a popular education model¹ by the large combination utility to better facilitate feedback from both the public and advisory groups. We encourage Staff to strengthen its guidance on effective public participation however it can to advance procedural justice within these rules.

3. Additional Comments

1. Definition of commercially available

In this set of draft rules, commercially available “means that a resource is currently available for purchase, procurement, or installation, or is reasonably anticipated to be available within the integrated system plan’s study period, to be put into commercial operation supporting utility service.”² This is a slight change from the previous definition but it fails to address the concerns we expressed in our February 20, 2025 comments about the distinction between resources that are currently available and resources that are reasonably anticipated to be available within the ISP’s study period. If Staff’s proposed definition contained in the current draft rules are adopted, there should be a clear recognition that whether a resource is “commercially available” is not a black and white exercise. Rather, it is a spectrum. Resources that are “reasonably anticipated” to be put into commercial operation in the out years of the 20 year planning horizon should be given less weight and emphasis than resources available in the current marketplace. This is because it is both less likely that those resources will achieve commercial operation and more likely that intervening technology and other resources may out-compete those resources.

The rules should incentivize the utility to consider both commercially available technologies and emerging technologies, without unreasonably relying on emerging technologies and, as a result, deferring near term investment in currently commercially operational technologies. As we noted in our last comments, we want to avoid unintended consequences that would run counter to the public interest: “In particular, we are concerned that a utility could delay procuring clean resources today, or justify making investments in fossil fuels today, by projecting another clean resource, clean fuel, or investment becomes

¹ For more information on the popular education model referenced here, see *Spiral Model of Popular Education Toolkit*, Rural Support Partners (2017), available at: https://www.ruralsupportpartners.com/wp-content/uploads/2017/02/Spiral-Model-of-Popular-Education_Toolkit-One-Page-1.pdf.

² Draft WAC 480-95-020 Definitions

‘commercially available’ later in the planning horizon, regardless of the certainty.”³ Striking this balance would align with the ISP goal to ensure a planning portfolio that represents the “lowest reasonable cost” and directs the utility to consider “resource uncertainties” and “the risks imposed on the large combination utility and its ratepayers.”⁴

If Staff’s current proposed definition is not retained in the final rules, we firmly believe the definition of commercially available should be limited to resources that are proven technologies, available for purchase, procurement, or installation within the near term action window. If this definition is adopted, emerging technologies should be added to the definition of “lowest reasonable cost” so that the ISP rules incent the utility to evaluate emerging technologies while also directing it to consider “long-term costs and benefits, market-volatility risks, *resource uncertainties*, resource dispatchability, resource effect on system operation, *the risks imposed on the large combination utility and its ratepayers*, public policies regarding resource preference adopted by Washington state or the federal government, the cost of risks associated with environmental effects including potential spills and emissions of carbon dioxide, and the need for security of supply” (emphasis added)⁵. We recommend amending the definition of “lowest reasonable cost” as follows:

"Lowest reasonable cost" means the lowest cost mix of demand-side and supply side resources and decarbonization measures determined through a detailed and consistent analysis of a wide range of commercially available resources and measures and emerging technologies. At a minimum, this analysis must consider long- term costs and benefits, market-volatility risks, resource uncertainties and attendant risks, resource dispatchability, resource effect on system operation, the risks imposed on the large combination utility and its ratepayers, public policies regarding resource preference adopted by Washington state or the federal government, the cost of risks associated with environmental effects including potential spills and emissions of carbon dioxide, and the need for security of supply. The analysis of the lowest reasonable cost must describe the large combination utility's combination of planned resources and related delivery system infrastructure in compliance with chapters 19.280, 19.285, and 19.405 RCW.

In the alternative, if the Commission does not wish to amend the definitions of “commercially available” and “lowest reasonable cost,” we recommend the Commission

³ Comments of Renewable NW, Climate Solutions, NW Energy Coalition, and Rewiring America on the second draft rules for implementing ESHB 1589, February 20, 2025

⁴ Draft WAC 480-95-020 Definitions

⁵ Draft WAC 480-95-020 Definitions

address this issue in its Final Order approving the ISP rules. Specifically, we urge the Commission to note that it will apply a higher level of scrutiny to, and place less value on, resources or investments that only become commercially available beyond the four year implementation period. In addition, the further out a resource is forecasted to be available, the more scrutiny the Commission will apply. The downside of this approach is that the Commission's directive in an Order is not as accessible or enduring as a requirement described in rule.⁶ Since the current Commission generally cannot bind a future Commission, it would be preferable for the proposed definitions addressed here—or at least a discussion of the risk profile of various resources—to be addressed in administrative rule. We would also encourage a discussion of this issue to be included in the Final Order approving the ISP rules as well.

2. Capex plan

The Commission's draft rules require the large combination utility to detail the Company's planned capital investments in the Clean Energy Action Plan. In our previous set of comments, we recommended that the Commission require the Company to identify its capital investments (by investment category) for all scenarios and sensitivities. We continue to urge the Commission to adopt this requirement.

The Commission must consider whether the ISP "results in a reasonable cost to customers, and projects the rate impacts of specific actions, programs, and investments on customers."⁷ The utility's scenarios and sensitivities analyses will make assumptions about the size and cost of its gas delivery system, either explicitly or implicitly. The utility's annual distribution and transmission capital expenditures on its gas and electric systems are a significant factor in determining the customer's rate impacts. For gas customers, gas distribution investments is the most important factor. Unless the Commission explicitly requires the utility to identify its gas distribution system investments for each scenario and sensitivity, the costs will be "implicit" and are likely to be assumed to be the same in every scenario and sensitivity. The results will be an incorrect calculation of the rate impacts of investments on customers.

Recommendation:

⁶ See February 20, 2025 Comments of Renewable NW, Climate Solutions, NW Energy Coalition, and Rewiring America for more on this topic.

⁷ RCW 80.86.020(12)(g)(iv)

- Add a new requirement after (050)(2) Resource Evaluation, that requires the utility “identify the gas plant capital expenditures and investments by category,” and
- Require the Matrix of Results in (050)(7)(a) to include the resulting gas plant expenditures by investment category.

3. *Incorrect citations*

In several places throughout the draft ISP rules, there appear to be incorrect citations, making it difficult to track down what statute the rules are attempting to reference. We understand that the Commission has been working with extremely short turnaround times, for instance with the recent overruling of I-2066.

We hope that statutory citations are updated to be correct, and want to flag several areas:

- The citing of RCW 80.826.020(10) in WAC 480-95-030(8) should cite *RCW 80.826.010(22)* when referencing the lowest reasonable cost determination.
- WAC 480-95-030(8) also cites later sections of the draft rules that don’t seem to be relevant. WAC 480-95-050(7) is cited for the Commission’s determination on whether the ISP is in the public interest, but that section describes the Clean Energy Action Plan.
- WAC 480-95-030(8)(a)(ii)(J) discusses equity impacts, but cites a section focused on safety and reliable operation

4. *Specifying or removing “recommendations” language*

In two places, the draft ISP rules require the utility to demonstrate progress on recommendations contained in its previously filed integrated system plan, or previous applicable plans (WAC 480-95-050 (11) and WAC 480-95-060 (7)). Previous integrated system plans (or applicable plans) largely created plans of action and preferred portfolios, not “recommendations.” This language is vague, and we would like more clarity on which recommendations the Commission is referring to.

Conclusion

Renewable Northwest, Climate Solutions, NW Energy Coalition, and Rewiring America thank the Commission for the opportunity to provide comments on the draft ISP rules and look forward to future engagement. We encourage Commissioners and Staff to reach out if they have any questions about our comments.