NW Energy Coalition
Comments on and Requests
regarding the PSE 2021 IRP Webinar #6:
Scenarios Feedback Session, August 11th, 2020

Elizabeth Hossner
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Dear Elizabeth:

NW Energy Coalition (NWEC) appreciates the opportunity to ask questions about and make suggestions regarding Puget Sound Energy's (PSE's) proposed portfolio scenarios and sensitivities to address in analysis in the Integrated Resource Planning effort. Our comments focus on the excel slide presented in the webinar of July 11th that lists all the various scenarios that PSE might model, respond to PSE's question of how it should meet the 20% alternative compliance option offered in the Clean Energy Transformation Act (CETA), and on demand response.

The Social Cost of Carbon (SCC) represents the costs of environmental damages that society at large, not PSE customers, bears from GHG emissions. The SCC is an environmental externality which CETA requires be applied when making resource decisions to account for the effects of GHG emissions. As an externality, the SCC should be applied to dispatch of *all* resources both owned and acquired, and *all* market purchases (since the source cannot generally be known for market purchases), rather than applied as part of the fixed costs of capital assets. In neither case should the SCC be treated as part of the revenue requirement.

We would further clarify that the comment under "Notes" on scenario 19 on the excel sheet does not exactly capture what we are asking for – the SCC should be added at dispatch to *all* resources; adding the SCC as a separate cost to market purchases would be appropriate, as long as those added costs are not included in the revenue requirement. Therefore, we would change the Note on line 19 to: *dispatch cost in LTCE only, SCC not included in electric price, BUT AS ~~so~~ a separate EXTERNAL COST adder ~~included for~~ TO ALL market purchases*.

We would consider the options described on lines 35 and 36 as "bookends" for the initial analysis purposes.

Slide 17 – NWEC would appreciate if the actual values that will be used in modeling are presented in the slide, rather than the descriptors "low", "mid" and "high".

Slide 26 - PSE will need to be very clear as to how the choices will be ranked or prioritized, so there are no unanticipated disappointments if some analyses are not completed.

Slide 36 – requests feedback from stakeholders on prioritizing the four options that can be considered for alternative compliance. To be very clear, 19.405.040(1)(a)(ii) actually requires a utility to " *use electricity from renewable resources and non-emitting electric generation in an amount equal to one hundred percent of the utility's retail electric loads over each multiyear compliance period*", which would be the preferred compliance. But we recognize that 19.405.040(1)(b), which immediately follows, allows a utility to meet up to 20 percent of that obligation between 2030 and 2045 with alternative compliance options. Of the options available, the one that should not be evaluated is energy from MSW generators ("garbage burners"), which have yet to be proven to provide a net reduction in GHG emissions.

NWEC proposes the following additional sensitivities:

- Advanced Demand Response, based on the Northwest Power and Conservation Council draft inputs, including resource potential and cost by DR type, for the 2021 Northwest Power Plan, adjusted as appropriate for the mix of customer classes and uses in PSE's service territory. This will help provide an estimate of the potential to address PSE's capacity needs as the resource mix changes in the coming decade and beyond.
- Updated Upstream Methane Factor, using the EDF Low upstream emissions factor of 2.47% as documented in the NW Council's workshop that we forwarded as part of the IRP comment process. NWEC requested this sensitivity during the August 11 workshop but it is not reflected in the updated version of the summary spreadsheet. We recommend running this sensitivity using scenario #1, mid economic conditions, and substituting the 2.47% upstream methane emissions factor. This will provide a bookend sensitivity on upstream emissions and the social cost of carbon for PSE's resource portfolio and market purchases.
- High Electric Vehicle Saturation, using an appropriate scale-up factor such as 50% higher than the forecast estimate for 2025, adjusted appropriately thereafter. We recommend two versions of this sensitivity, one assuming no load shaping and the other assuming some combination of rate design and incentives to shape demand away from system peak. The purpose of this sensitivity is to assess the impact of faster EV saturation on overall resource needs and specifically on daily and seasonal peak impact.

Cordially,

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