

August 18, 2020

Puget Sound Energy
IRP Team

RE: Feedback of Renewable Northwest, Portfolio Sensitivities

Puget Sound Energy's August 11, 2020, Feedback Webinar Relating to Portfolio Sensitivities and CETA for PSE's 2021 Integrated Resource Plan.

I. INTRODUCTION

Renewable Northwest thanks Puget Sound Energy ("PSE") for this opportunity to provide feedback as a stakeholder in PSE's 2021 Integrated Resource Plan ("IRP"). This feedback is a response to PSE's August 11, 2020, Feedback Webinar regarding Portfolio Sensitivities and the Clean Energy Transformation Act (CETA) for the 2021 IRP.

Renewable Northwest participated in the Feedback Webinar on August 11, 2020. Below, we provide feedback based on PSE's slide deck regarding portfolio sensitivities for PSE's 2021 IRP.

II. FEEDBACK

1. Renewable Northwest appreciates PSE's request for stakeholder suggestions regarding the appropriate portfolio sensitivities PSE should model. Below are our recommendations.
 - a. Regarding the renewable over-generation test, we recommend that PSE incorporate the effects of this sensitivity on the 2% cost threshold relevant to compliance with CETA standards. Specifically, should PSE choose to or be required to over-generate renewables to meet load, how early in a compliance period would PSE meet the 2% cost threshold, and thus be considered in compliance with the clean energy standards?
 - b. Regarding the must-take DR and battery storage sensitivity, we again recommend that PSE incorporate the effects on the 2% cost threshold. We recommend that PSE consider this detail in modeling other sensitivities which may lead PSE to the cost cap early in each compliance period.
 - c. Regarding the highly-centralized sensitivity within the Transmission Constraints and Build Limitations category, we recommend that PSE consider including additional

constraints specific to renewable proxy locations, whereby a strict delivery requirement mandated by CETA may create geographic limitations to new-build renewables.

- d. Regarding the SCC as a tax in WA, OR and CA sensitivity, we agree with PSE that this tax should be modeled WECC-wide for consistency.

2. Renewable Northwest supports PSE's approach to modeling the social cost of carbon (SCC) as a post-economic dispatch fixed cost adder. Our understanding aligns with what PSE has vocalized in multiple webinars, that an alternative methodology applying the SCC as a dispatch adder would artificially deflate the capacity factors of emitting resources, thus skewing the model's output.

3. Renewable Northwest appreciates PSE's consideration of stakeholder feedback in considering how to meet the 20% alternative compliance permitted by CETA's greenhouse-gas neutrality standard. While our preference is always going to be that PSE does not rely on alternative compliance, we recognize the utility in planning a gradual transition to 100% clean. That said, we would advise against relying on resource-based compliance payments, given the more climate-beneficial options granted by CETA. Unbundled RECs support renewable energy development, and Energy Transformation Projects (ETPs) aim to reduce the state's non-energy sector GHG emissions. Both of these options support system transformation and GHG-emission reductions, while penalties do not.

III. CONCLUSION

Renewable Northwest thanks PSE for its consideration of this feedback. We look forward to continued engagement as a stakeholder in this 2021 IRP process.

Sincerely,

/s/ Katie Ware

Katie Ware

Washington Policy Manager

Renewable Northwest

katie@renewablenw.org