

Service Date: June 6, 2023

**BEFORE THE WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

PUGET SOUND ENERGY

Clean Energy Implementation Plan
Pursuant to WAC 480-100-640

DOCKET UE-210795

CONDITIONS ADOPTED BY THE
COMMISSION IN FINAL ORDER 08

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- 1 On June 5, 2023, the Washington Utilities and Transportation Commission (Commission) entered Final Order 08, Approving Clean Energy Implementation Plan Subject (CEIP) to Conditions (Final Order 08). The Commission approved the CEIP filed by Puget Sound Energy (PSE or Company) subject to conditions listed in the Order. For the sake of clarity, the Commission has provided a list of these conditions as an Appendix to its Order.
- 2 The conditions adopted by the Commission are as follows:
- 3 **CONDITION 1.** In its 2023 Biennial CEIP Update and in future CEIPs, PSE must include descriptions of quantitative (*i.e.*, cost based) and qualitative (*e.g.*, equity considerations) analyses that support interim targets to comply with the CETA 2030 and 2045 clean energy standards.
- 4 **CONDITION 2.** In its 2023 Biennial CEIP Update and in future CEIPs, PSE must include quantitative and qualitative risk analysis, if risk is used to justify deviating from the lowest reasonable cost solution that complies with CETA.
- 5 **CONDITION 3.** In the 2023 Biennial CEIP Update, PSE must include an update regarding the impact of inflation, supply chain, and permitting issues, if any, on the estimated costs of and likelihood of attaining the accelerated target. PSE should also include an updated target if the 63 percent target is no longer viable by 2025.
- 6 **CONDITION 4.** PSE will increase its demand response target to include all cost-effective DR bids it received in response to its recent RFP. PSE will include expanded Direct Load Control offerings in this increased target
- 7 **CONDITION 5:** In the 2023 Biennial CEIP Update and subsequent CEIPs, PSE must express the renewable energy specific target as a percentage of retail load.
- 8 **CONDITION 6:** Within 60 days of the entry of this Order, PSE must file with the Commission a narrative describing the methodology used to develop the renewable energy Specific Target and describing how its renewable energy Specific Target contributes to PSE achieving its Interim Target of serving 63 percent of retail load with renewable, non-emitting resources by 2025. PSE must express its renewable energy Specific Target as a percentage of retail load. PSE must provide sufficient supporting detail in order to be reasonably understood by a generalist, and the Company may not rely on mere “global” references to the underlying AURORA model.
- 9 **CONDITION 7:** Within 60 days of the date of entry of this Order, PSE must obtain a license for Staff to use the AURORA and PLEXOS models.

- 10 CONDITION 8: PSE must work with the equity advisory group and an advisory group (either new or existing) with sufficient expertise and interest to develop a new or revised DER selection process that is (1) consistent with the distributed energy resources planning process outlined in RCW 19.280.100, and (2) transparent, technology neutral, and robust in its comparison of DER programs considering cost and non-cost factors.
- 11 CONDITION 9: Vulnerable Populations. PSE will include in its list of Vulnerable Populations:
- Any census block group that has the highest score for any one of the categories of commonly grouped vulnerability factors:
 - Sensitive populations (disability, cardiovascular disease, low birth weights, higher rates of hospitalization, home care);
 - Energy security/insecurity (arrearage/disconnections, estimated energy burden, housing burden);
 - Other socioeconomic factors (access to digital/internet resources, access to food, access to health care, educational attainment level, historical redline influence, linguistic isolation, race, transportation expense, unemployment, poverty, deep poverty, renter status, seniors with fixed income, housing quality);
 - Any census block group that PSE identified as “high needs” or “underserved” in the most recent Biennial Conservation Plan;
 - Any census block group with an average home energy burden of 6% or more for income for households with annual income less than 200% of the federal poverty level;
 - Any census block group in a census tract that is a Qualified Census Tract as defined by HUD for purposes of the Low-Income Housing Tax Credit program; and
 - Any census block group in a census tract that is a “community in economic distress” as defined by the U.S. Department of Treasury for purposes of the New Markets Tax Credit program.
- 12 CONDITION 10. Vulnerable Population Designation Methodology. PSE will modify its designation methodology for Vulnerable Populations for the 2025 CEIP as follows and

will, starting in 2023, begin gathering any additional data necessary to apply this new designation methodology:

- Evaluate vulnerability factors to assess whether some factors are measuring the same underlying attribute, and consolidate factors where this is the case;
- Include as vulnerability factors deep poverty, housing quality, and death and illness from extreme heat;
- Consider the synergistic impacts of vulnerability factors that render people with multiple vulnerabilities significantly worse off than people with just one, considering compounding impacts.

13 CONDITION 11. PSE must demonstrate its compliance with the modified conditions above in this section¹ by submitting a compliance filing to the Commission within 60 days of the entry of this Order.

14 CONDITION 12: PSE must begin tracking data immediately and incorporate the following CBI metrics in its 2023 Biennial CEIP Update.

a. PSE must add the following CBIs and metrics to the CETA category of Reduction of Burden:

i. CBI: Decrease number of households with a high energy burden ($\geq 6\%$)

ii. Metrics:

1. Number and percent of households

2. Average excess burden per household

This CBI must be separately tracked and reported for all PSE electric customers that include Known Low-Income (KLI) customers and Named Communities. KLI customers are defined as those who have received energy assistance during the prior two years.

b. PSE must add the following CBI and metrics to the CETA category of Energy Security:

¹ By using the term “this section,” Condition 11 refers to Conditions 9 and 10.

i. CBI: Decrease residential arrearages and disconnections for nonpayment

ii. Metrics:

1. Number and percentage of residential electric disconnections for nonpayment by month, measured by location and demographic information (zip code/census tract, KLI customers, Vulnerable Populations, Highly Impacted Communities, and for all customers in total). If residential disconnections are not required to be reported quarterly to the Commission in any other docket (*e.g.*, U-200281 or U-210800) or rule, PSE must report residential disconnections as reported pursuant to Commission Order 04 (Appendix A Third Revised Term Sheet, Section J, Part 2.a), in Docket U-200281, on a quarterly basis through the end of this CEIP implementation period (December 31, 2025).

2. Residential arrearages as reported pursuant to Commission Order 04 (Appendix A Third Revised Term Sheet, Section J, Part 8 a-c) in Docket U-200281. If residential arrearages are not required to be reported to the Commission in any other docket (*e.g.*, U-200281 or U-210800) or rule, PSE must track the following residential electric data by month, measured by location and demographic information (zip code/census tract, KLI customers, Vulnerable Populations, Highly Impacted Communities, and for all customers in total) and

3. The number of customers with past-due balances (arrears); and,

4. The amounts of past-due balances that are past due 30+, 60+, and 90+ days, as compared to total arrearages.

c. PSE must add the following metrics to the CBI for “Improved participation in clean energy programs from Highly Impacted Communities and Vulnerable Populations”:

i. Number of residential appliance and equipment rebates provided to customers residing in Named Communities.

ii. Number of residential rebates provided to customers residing in rental units

15 **CONDITION 13:** In the 2023 Biennial CEIP Update, PSE must remove directionality language from any discussion about metrics and distinctly separate the language suggesting a goal or directionality from the metrics. The directionality language may be included in the CBI or may be developed into a specific target. PSE must track metrics

without regard to directionality and must immediately modify its data collection of any metrics that currently include directionality language to meet this requirement.

- 16 CONDITION 14: In the 2023 Biennial CEIP Update, PSE must update Table 7-5 to remove directionality from metrics and create a separate column that indicates the desired directionality for each CBI (*e.g.*, “increase” or “reduce,” etc.) or specific target (if available). PSE must also add a new column to the table that lists specific actions that are relevant to or directly intended to achieve the desired directionality for each relevant CBI.
- 17 CONDITION 15: Within 10 days of a Commission Order, PSE must file in the CEIP docket a comprehensive CBI metric report card of all CBIs and metrics that the Company currently reports, CBIs and metrics that it has been directed to report by the Commission, and CBIs and metrics that it must evaluate through an interested persons’ process before the 2023 Biennial CEIP Update.
- 18 CONDITION 16. For the 2023 Biennial CEIP Update, PSE must update all specific actions and provide all available detail as required by WAC 480-100-640(5) as it relates to those specific actions.
- 19 CONDITION 17. For the 2025 CEIP, PSE must file a draft CEIP on a timeline the Company determines sufficient to incorporate comments on the draft CEIP into the final CEIP. PSE must also file a detailed narrative explaining why specific comments were not incorporated in the final CEIP
- 20 CONDITION 18. Community Solar. PSE will increase its community solar target from 25.4 MW to 50 MW by 2025.
- 21 CONDITION 19. Eliminate Leasing. PSE will remove the residential rooftop solar leasing and residential battery leasing program concepts from consideration in its list of DER programs and will instead develop rent-to-own or other options for Named Communities and other residential customers.
- 22 CONDITION 20. Minimum Designations. PSE will file with the Commission an amendment to this CEIP to designate for Named Communities a minimum of 30% of the energy benefits of its DER solar, DER storage, DR, and EE programs, with benefits measured across each tranche of resources. PSE will commit to developing a targeting approach to identify the customers and communities with deepest need within the broader category of Named Communities in consultation with interested persons and advisory groups. By the 2023 Biennial CEIP Update, PSE will designate a minimum percentage of energy benefits that will flow to Named Communities with deepest need.

- 23 CONDITION 21. DER Program Design. To implement the 30% energy benefit minimum designations for Named Communities discussed above, PSE will develop mechanisms for intentionally serving customers in Named Communities in each of its individual DER programs, including carve-outs for program costs (including outreach/education) and minimum participation thresholds. PSE will also modify its program design for solar and storage DER programs to better ensure benefits flow to Named Communities, including by developing targeting for Named Communities beyond using income as the sole criterion for program eligibility; offering higher incentives for low-income customers and Named Communities; ensuring benefits flow to tenants in affordable multifamily housing; and targeting storage programs to Vulnerable Populations where increased reliability would reduce vulnerabilities.
- 24 CONDITION 22. In the 2023 Biennial CEIP Update, PSE will include information regarding any planned DR programs for commercial and industrial customers as required by WAC 480-100-640(5) and (6) as well as information regarding the expected cost-effectiveness of these programs.
- 25 CONDITION 23. PSE must include a narrative in the 2023 Biennial CEIP update and 2025 CEIP describing anticipated impacts on customer benefits and burdens from DR programs.
- 26 CONDITION 24. PSE must include in its 2023 Biennial CEIP Update an explanation of the TVR pilot program and how the program will be structured to gather data about the program's impacts on benefits and burdens for Named Communities.
- 27 CONDITION 25. In the 2023 Biennial CEIP Update, PSE must explain the selection process for NWA projects developed prior to preparing the CEIP and clarify how the Company views DERs as compared to NWAs. PSE must also describe the differences between the DER selection process and the NWA selection process and why they follow different evaluations and selection processes. PSE must also explain how it distinguishes between NWA projects that are necessary to meet CETA requirements and NWA projects that should be considered part of the Company's core business operations (*i.e.*, reliability, etc.).
- 28 CONDITION 26. In the 2023 Biennial CEIP Update, PSE must explain why the NWAs evaluation tool and associated costs are included in the CEIP and explain why the tool is necessary for CETA compliance.
- 29 CONDITION 27. PSE commits to developing and implementing a DER Public Engagement Pilot to gain experience with and understanding of engaging Named

Community members at the “Empowerment” level on the International Association for Public Participation’s Public Participation Spectrum in developing DER offerings specifically for Named Communities. PSE will collaborate with the EAG, other relevant advisory groups, and interested persons to develop this pilot. PSE will begin work on the design of the pilot within three months of a final Commission order and will implement the pilot after the 2023 Biennial CEIP Update.

- 30 CONDITION 28. Within 60 days of this Order, PSE must retain a facilitator for the EAG. Among other tasks, the facilitator would document EAG members’ feedback and PSE’s responses to that feedback. PSE must select a neutral, third-party facilitator that is mutually acceptable to both the Company and to Public Counsel.
- 31 CONDITION 29. PSE will not use the projected incremental cost of compliance as a planning constraint in the 2025 CEIP.
- 32 CONDITION 30. PSE must remove the following costs from the CETA portfolio: Hosting Capacity Analysis (\$6.19m); Virtual Power Plant (\$9.62m); Data Lake and Analytics (\$3.65m); Substation SCADA – Accelerated (\$41.36m); and Circuit Enablement-DER and Microgrid (\$57.5m). The removal of these costs from the projected incremental cost of compliance with CETA in this Docket should not impact PSE’s ability to request cost recovery for these investments in a future filing.
- 33 CONDITION 31. PSE must remove corporate marketing and promotional costs from its Communications and Education costs that are categorized under the PSE CEIP incremental cost calculation. At a minimum, PSE must remove all actions and costs associated with “In-language marketing partnerships” from this CEIP. PSE must explain in the 2023 Biennial CEIP Update how it derived its Communications and Education costs, what the Communications and Education actions specifically entail, and demonstrate how these costs are directly attributable to specific actions that are necessary to comply with or make progress toward CETA requirements.
- 34 CONDITION 32. PSE will rerun its portfolio optimization models with an updated methodology for incorporating the Social Cost of Greenhouse Gas Emissions and updated capacity values for energy storage. PSE will recalculate its interim clean energy targets and energy storage sub-target, and its projected incremental cost of compliance with CETA, based on these new model runs. PSE will incorporate any changes in its 2023.