

December 11, 2020

Ms. Kate Kelly
Senior Energy Policy Specialist
Department of Commerce
1011 Plum Street SE
PO Box 42525
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RE: Shared Comments of Certain Advisory Committee Members – WA State Energy Strategy

Ms. Kelly:

On behalf of the undersigned members of the state's Energy Strategy Advisory Committee, we offer the following comments on the 2021 State Energy Strategy document and the process to develop it. Our comments refer to the version of the strategy presented to the Advisory Committee and for public hearing on December 7, 2020 (Strategy 2.0).

We appreciate the efforts made by all who participated in the development of Strategy 2.0, including the many third-party consultants and Commerce staff.

Ultimately, we believe Strategy 2.0 does not sufficiently balance the goals required by the Legislature in this update, which include:

- Maintain competitive energy prices that are fair and reasonable for consumers and businesses and support our state's continued economic success.
- Increase competitiveness by fostering a clean energy economy and jobs through business and workforce development; and
- Meet the state's obligations to reduce greenhouse gas emissions.¹

Strategy 2.0 has a strong bias towards a scenario relying on 100% electrification of many sectors of our economy. Using this endpoint as justification, the strategy then makes determinations about the best path to get there, without adequately analyzing the strategy recommendations in the context of affordability, equity and feasibility.

This scenario leaves large gaps of needed analysis. Further, our ability to analyze the economic costs and benefits of this strategy has been extremely limited both in time and scope. Consequently, nearer term recommendations built on Strategy 2.0's recommended pathway to the 2050 endpoint may create uncertainty in the operation of energy delivery systems and could result in higher consumer costs than would otherwise be necessary through a more informed approach.

As has been pointed out in several direct comments, the modeling in support of Strategy 2.0 is insufficient. The State should conduct more extensive analysis and provide stakeholders adequate time to scrutinize the analysis before taking action. Furthermore, we caution that the

¹ RCW 43.21.010

Legislature must have a clear understanding of where the risks and burdens will lie and how the impacts will be distributed before promulgating policies that proceed from Strategy 2.0.

We also want to call out some specific areas of concern with Strategy 2.0 overall:

1. Reliability/Resource Adequacy – For more than two years, considering countless reports and analysis, the Legislature enacted the Clean Energy Transformation Act (CETA) establishing a goal of moving the electric sector to 100% clean electricity by 2045. Within the provisions of that law, Legislators acknowledged that 100% clean electricity by 2045 was a stretch goal that would stress electricity delivery systems.

CETA recognizes the challenge of meeting this goal while preserving system reliability and cost-effectiveness for consumers. This is represented by the resource adequacy requirement which must be included in an electric utility's planning; by the law's directive to the Department of Commerce to perform a reliability and cost study every four years; by the two-percent cost-cap compliance option provided to electric utilities; and by the authority given to the Governor to suspend or delay implementation of the law under certain conditions, most notably a threat to reliability.

Moreover, CETA anticipated that a significant increase in transmission capacity will be required in order for electric utilities to meet its obligations, as acknowledged through its creation of a "transmission corridors work group" to present findings to the Legislature regarding the need for upgraded and new transmission facilities.

CETA only contemplated the delivery of clean electricity for the current electric loads in the state – not the addition of load for electrifying transportation and building sectors. The assumptions underlying Strategy 2.0 about the future capabilities of the electric system are several steps beyond the analysis and findings behind CETA. Strategy 2.0 does not adequately analyze or address the need to ensure electric system adequacy and reliability.

2. Innovation (beyond electrification) – Strategy 2.0 assumes electrification of virtually every industry sector and, ignores current investments in infrastructure as well as future developments in technology through innovation. By assuming full electrification as an outcome, Strategy 2.0 ignores the need for adequate exploration and analysis of other technologies - including renewable natural gas and hydrogen – as potential other pathways to decarbonization of our energy supply.

Furthermore, Strategy 2.0 does not investigate the feasibility or cost of the small amount of load left on the natural gas system, leaving questions about the potential costs to businesses and residential customers that are slower to adopt electrification, or for whom the technology may never exist.

3. Workforce Development / Jobs – As required by statute, the state energy strategy is required to balance multiple factors in the transition to a clean economy – but the analysis used to support Strategy 2.0 does not adequately describe how the state will ensure protection of jobs that exist today and maintain a strong workforce in areas targeted for diminished future role in our energy system. A thorough analysis is required

to understand how the state will avoid the loss of current jobs, as well as ensure workforce retraining and placement, especially in affected industries. The potential increase in costs to deliver energy in the state is likely to increase the cost of doing business which could lead to closure of businesses within the state and leakage of emissions and jobs to neighboring states and other regions.

Strategy 2.0 needs additional analysis to better address potential impacts to the economy and the workforce. A strong state energy strategy should encourage economic growth and invite energy intensive industries to do business in the state as a means to reduce emissions. It is unclear how Strategy 2.0 will encourage workforce development and create new jobs as well as preserve existing jobs if it increases energy costs for the current economy and workforce. Two lower paying jobs do not replace or make up for one, higher-paying, family-wage career opportunity.

More in-depth comments will be provided by each of the undersigned representatives, but it is important that the Department of Commerce – and policymakers – recognize that more work is needed to balance Strategy 2.0 with the statutory requirements for this update.

It is important to stretch ourselves as we work to achieve the emission reduction goals of the state. However, we must ensure that the state’s energy strategy doesn’t pick winners and losers and preclude technological advancements that may achieve the desired results at an overall greater benefit to the state’s economy.

We encourage the Department of Commerce, stakeholders and policymakers to continue to work with all industry sectors, workforce representatives, and community partners to better align the future of energy use in Washington.

Signed by the following State Energy Strategy Advisory Committee Members:

George Caan, Washington Public Utility
Districts Association
Electric Public Utilities

Will Einstein, Puget Sound Energy
Electric IOUs

Dan Kirschner, Northwest Gas Association
Natural Gas Pipelines

Kent Lopez, Washington Rural Electric
Cooperative Association
Electric Co-ops

Bruce Martin, Westrock
Industrial Energy Users

John Rothlin, Avista Corp
Natural Gas Utilities

Sen. Tim Sheldon
Washington State Senate Republican Caucus

Jessica Spiegel, Western States Petroleum
Association
Suppliers of Petroleum Products

Dan Wilson, United Steelworkers
Labor Unions

APPENDIX: The following is a list of studies or articles that were referred to Commerce and its consultants during the strategy development process, or are otherwise relevant to these comments:

- **Seattle Times: Bill Edmonds, Northwest Power and Conservation Council**
[Could California's Summer Rolling Blackouts Happen in the Northwest?](#) November 22, 2020
- **University of California Los Angeles**
[California Needs Policies to Protect Communities Moving to Renewable Energy](#), November 2020
- **Guidehouse (Navigant) for FortisBC**
[Pathways for British Columbia to Achieve its GHG Reduction Goals](#), August 2020
- **University of California Los Angeles**
[Clean Energy Revolution May Leave Disadvantaged Communities Behind](#), July 2020
- **Pacific Northwest Utility Conference Committee**
[2020 Northwest Regional Forecast](#), March 2020
- **Northwest Gas Association**
[2020 Pacific Northwest Gas Market Outlook](#), March 2020
- **Northwest Power and Conservation Council**
[Pacific Northwest Power Supply Adequacy Assessment for 2024](#), October 2019
- **Northwest Power Pool**
[Exploring a Resource Adequacy Program for the Pacific Northwest](#), October 2019
- **Randy Hardy and Larry Kitchen**
[Future Northwest Capacity Shortages](#), May 2019 (revised)
- **Black & Veatch for the Interstate Natural Gas Association of America Foundation**
[The Role of Natural Gas in the Transition to a Lower-Carbon Economy](#), May 2019
- **Energy+Environmental Economics (Public Generating Pool)**
[Resource Adequacy in the Northwest](#), March 2019
- **Navigant**
[The Optimal Role for Gas in a Net Zero Emissions Energy System](#), March 2019
- **Energy+Environmental Economics**
[Pacific Northwest Pathways to 2050](#), November 2018
- **American Gas Association**
[Implications of Policy Driven Residential Electrification](#), July 2018
- **Enovation Partners and the American Gas Association**
[GHG Emission Reduction Pathways](#), May 2018
- **American Gas Association**
[A Thoughtful Pathway to Reducing U.S. GHG Reductions](#), October 2018