

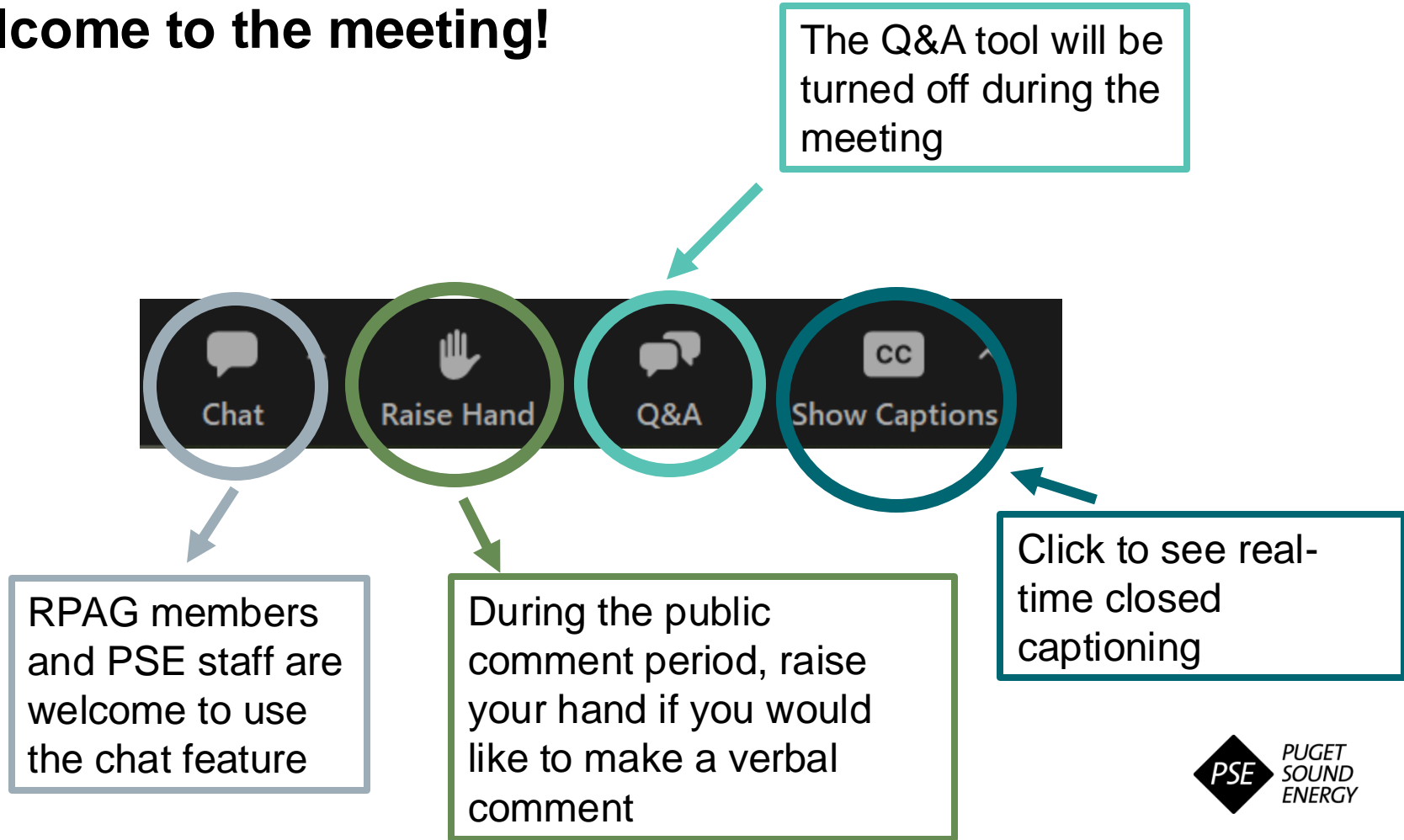
# Resource Planning Advisory Group meeting

2025 Integrated Resource Plan update

July 17, 2024



# Welcome to the meeting!



# Safety moment

- Stay hydrated by drinking plenty of water throughout the day
- Take regular breaks in shaded or cool areas
- Protect your skin with sunscreen, applying every couple of hours
- Wear cool, light-weight and light-colored clothing when outdoors to help minimize the impact of heat
- Monitor your body temperature and watch for signs of heat exhaustion, such as dizziness, nausea, headaches and fatigue

# Facilitator requests

- Engage constructively and courteously towards all participants
- Take space and make space
- Respect the role of the facilitator to guide the group process
- Avoid use of acronyms and explain technical questions
- Use the [Feedback Form](#) for additional input to PSE
- Aim to focus on the meeting topic
- Public comments will occur after PSE's presentations

# Objectives

- Discuss plans to transition from 2025 Integrated Resource Plan (IRP) to 2027 Integrated System Plan (ISP)
- Review feedback received at June 2024 equity meetings
- Present PSE's initial ISP strategy and proposed plan
- Discuss questions and feedback on PSE's initial ISP strategy
- Poll RPAG members about timing and frequency of future RPAG meetings

# Today's speakers

## **Sophie Glass**

Facilitator, Triangle  
Associates

## **Kara Durbin**

Director, Clean Energy  
Strategy, PSE

## **Phillip Popoff**

Director, Resource Planning  
Analytics, PSE

## **Jennifer Coulson**

Manager, Operations and Gas  
Analysis, PSE

# Agenda

| Time                  | Agenda Item                                      | Presenter / Facilitator           |
|-----------------------|--|-----------------------------------|
| 1:00 p.m. – 1:05 p.m. | Introduction and agenda review                   | Sophie Glass, Triangle Associates |
| 1:05 p.m. – 1:25 p.m. | Transitioning to an Integrated System Plan (ISP) | Kara Durbin, PSE                  |
| 1:25 p.m. – 1:50 p.m. | ISP strategy                                     | Phillip Popoff, PSE               |
| 1:50 p.m. – 2:20 p.m. | ISP planning                                     | Jennifer Coulson, PSE             |
| 2:20 p.m. – 2:50 p.m. | Discussion and poll                              | Sophie Glass, Triangle Associates |
| 2:50 p.m. – 3:00 p.m. | Next steps and public comment opportunity        | Sophie Glass, Triangle Associates |
| 3:00 p.m.             | Adjourn  | All                               |

# Transitioning to an Integrated System Plan

Kara Durbin, PSE





# Integrated System Plan background

- Required by Engrossed Substitute House Bill 1589 of 2024 ([Washington Decarbonization Act for Large Utilities](#))
- Recognizes needs for clean energy and reliability have outgrown past planning processes
- Streamlines planning processes for customers, interested parties, and PSE while maintaining regulatory requirements and clean energy goals

# How PSE responded

- Filed petition to waive 2025 IRP and CEIP obligations, as prescribed by HB 1589
- Published a Planning Transition Work Plan to demonstrate reasonable progress towards our clean energy and equity goals
- Began initial planning for a 2027 ISP process

# How the Commission responded

- Found PSE's workplan demonstrated "reasonable progress" towards meeting CETA requirements and achieving equity goals
- Consolidated into a single filing:
  - Gas IRP
  - Electric IRP
  - Clean Energy Implementation Plan
- First ISP due by Jan. 1, 2027

# What happens now?

- Rapid but thoughtful pivot towards an ISP
- Building on the 2025 IRP work
- Discussions with advisory bodies through September 2024 regarding engagement needs and overall strategy
- Filing engagement work plan by Oct. 31, 2024

# Are we making changes to the RPAG?

- No specific changes are identified at this time
- RPAG formed and charter written with flexibility in mind
- RPAG engagement originally envisioned to continue through completion of 2025 IRP planning process, with option to continue for next cycle
- In the interest of time and efficiency, we hope all current members will continue through this first ISP with us

# Feedback on equity analysis approach

## Themes – electric

- Introduce more nuance to equity metric scoring to better reflect the varying impact of different metrics
- Ensure equity metrics avoid double counting attributes
- Continue to involve a diverse group of parties in developing our equity approach, especially the EAG
- Include a qualitative assessment
- Potentially explore methods beyond the scorecard to measure equity in the planning process

## Themes – gas

- Reconsider equity metrics to align with electric equity metrics
- Ensure equity metrics avoid double counting attributes
- Review and reconsider individual resource scoring

# ISP strategy

Phillip Popoff, PSE



# ISP requirements per HB 1589

The integrated system plan must, among other specified objectives:

- Achieve the statutory obligations of all plans filed under the integrated system plan;
- Include scenarios that achieve gas utility and electric utility emissions reductions equal to their proportional share of emissions reductions under the statewide GHG emissions reduction limits;
- Achieve two percent of electric load annually with conservation and energy efficiency resources, unless the UTC finds a higher target is cost effective, and unless the UTC determines that a lower target is acceptable because the requirement is neither technically nor commercially feasible;
- Include low-income electrification programs;
- Include a 10-year clean energy action plan for implementing CETA at the lowest reasonable cost and at an acceptable resource adequacy standard; and
- Achieve annual demand response and demand flexibility equal to or greater than 10 percent of winter and summer peak electric demand, unless the UTC finds that a higher target is cost effective. However, the UTC may accept a lower level of achievement if it determines that the requirement in this subsection 9 (4)(g) is neither technically nor commercially feasible during the applicable emissions reduction period



# ISP objective

Develop consistent, equitable, and actionable plans across customer strategies, energy supply, and energy delivery to achieve clean energy and targeted greenhouse gas emission reductions, while maintaining reliable and affordable energy systems

# How will an ISP be different from an IRP/CEIP?

- Increased focus on customer strategy, with customer resources as an input
- Holistic decarbonization plan across gas and electric utilities
- Transmission, distribution system, and energy supply needs evaluated together as part of an ISP
- ISP must contain specific actions like in a CEIP
- ISP requires Commission approval (IRP does not)

# ISP planning

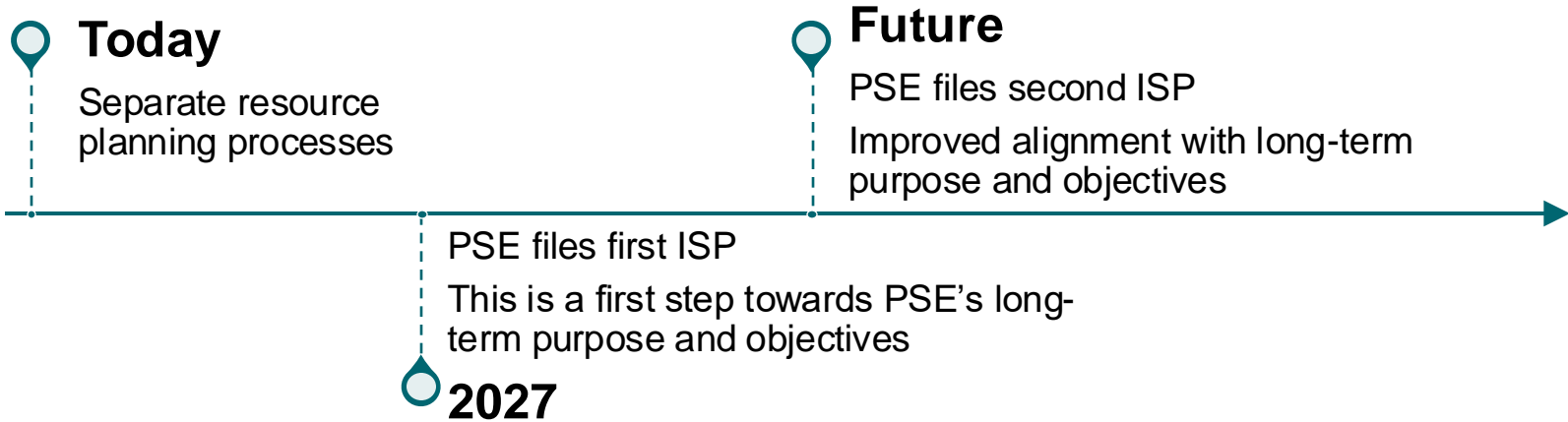
Jennifer Coulson, PSE



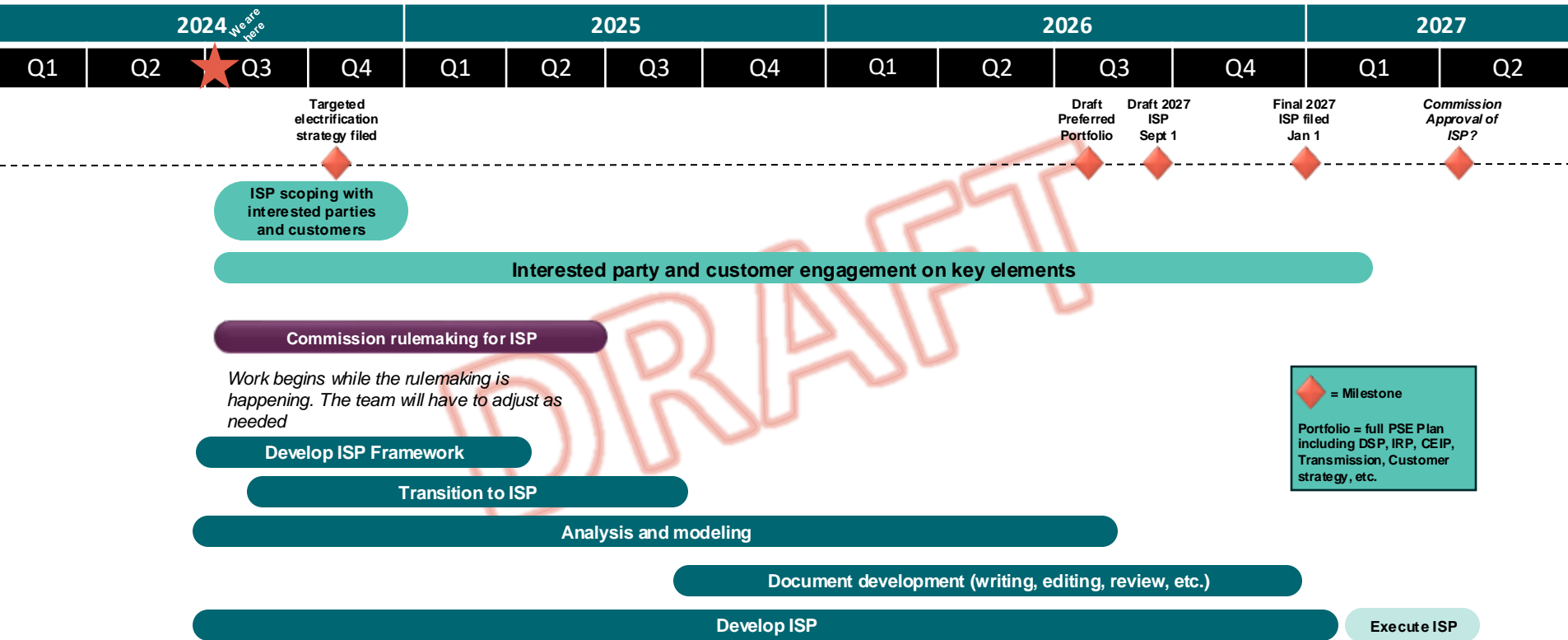
# PSE ISP development strategy

- Incorporate lessons learned from past planning processes (IRP, CEIP, delivery system planning, etc.)
- Discussed ISP framework and challenges/opportunities with Salt River Project, a leader in this space
- Incorporate HB 1589 and rules formed through Commission process, to shape the 2027 ISP

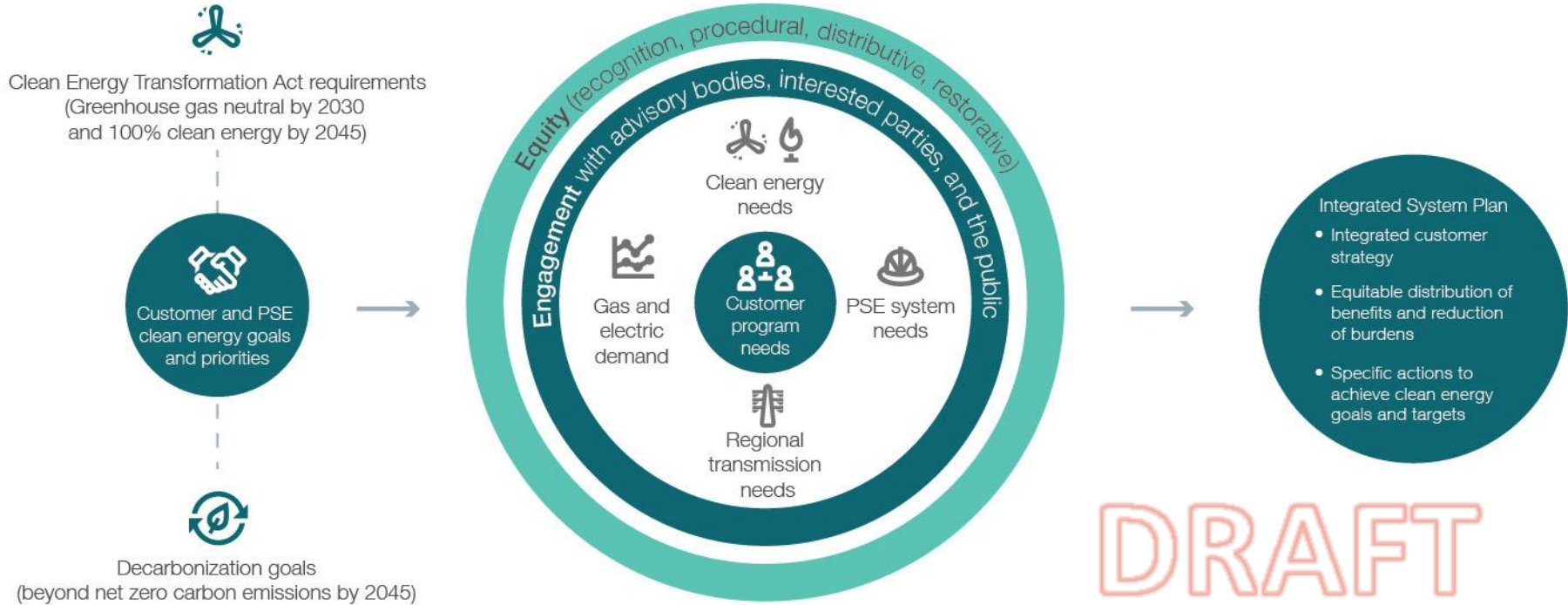
# Long-term resource planning evolution



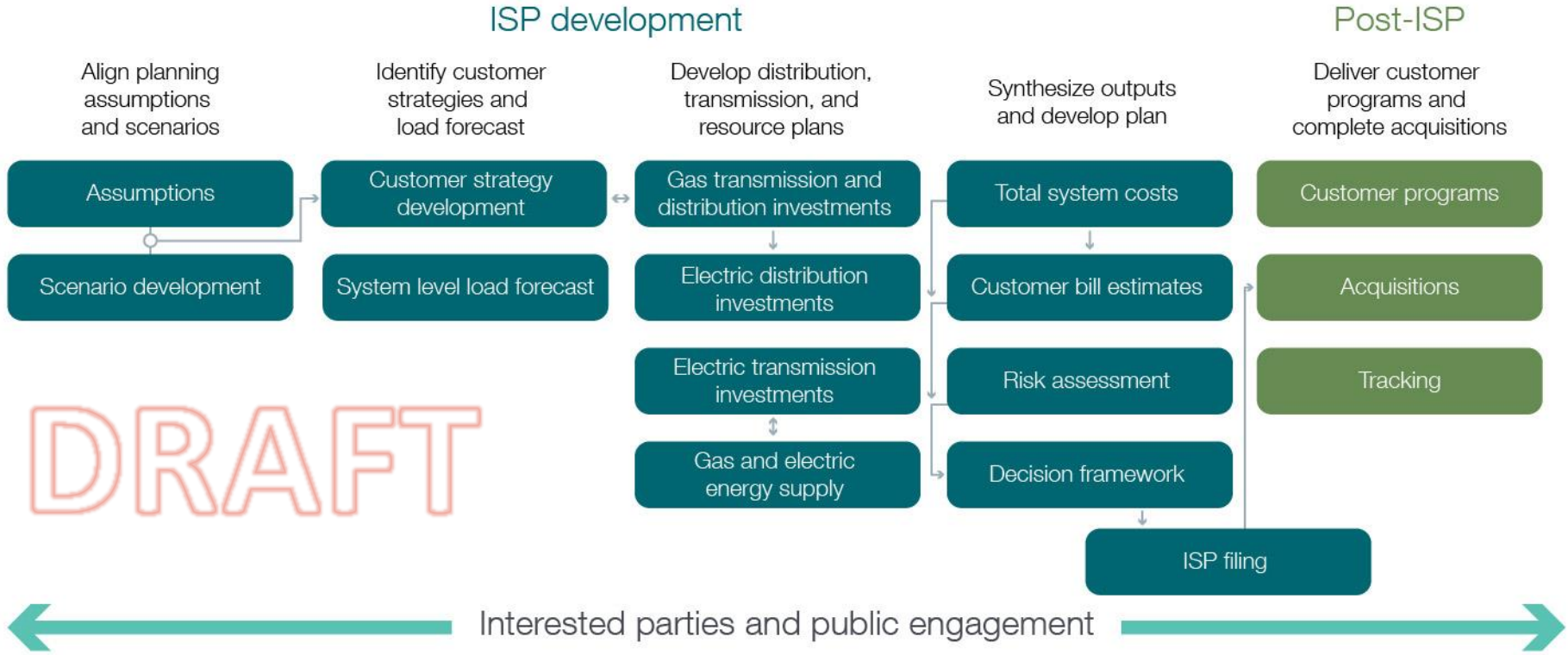
# Preliminary 2027 ISP schedule



# ISP inputs and outputs



# ISP process highlights: transition to customer centric planning process





# Integrated system planning process

Workstreams

## Scenarios and goal development

**Constraints and targets**

- Clean energy targets
- Customer partnership opportunities
- Compliance obligations
- Reliability and safety goals

**Scenario Considerations**

- Economic factors
- Potential policies
- Risks
- Demand forecast potential variations

## Customer strategies

**Alternate customer strategies**

- Conservation Potential Assessment (geographical)
- Distributed energy resources
- Demand response
- Targeted electrification
- Electric vehicles
- Conservation

**Demand forecast for each customer strategy**

System and geographical

- Electric
- Gas

Due to timing constraints, it may not be possible to fully analyze all strategies during this cycle

## Analysis

**Electric system planning**

- 10-year investment needs by scenario
- Non-wire alternatives
- Hosting capacity map

**Gas system integrity**

- 10-year investment needs by scenario
- Non-pipe alternatives

**Transmission planning / strategy development**

- 10-year investment needs by scenario
- Non-wire alternatives

**Electric / gas resource planning**

- Resource adequacy
- Utility scale resources
- Customer strategies scenarios

## Preferred alternative selection framework

**Optimize each customer strategy for:**

- Equitable distribution of benefits and reduction of burdens
- Clean energy goals and targets
- Greenhouse gas reductions

**Geographic electric and gas system supply investments**

- Alignment with DER and DR opportunities
- Alignment with targeted electrification opportunities

**Utility scale generation investments**

- Alignment with RFP resources
- Resource adequacy
- Long-haul transmission

## Implementation

**Integrated system plan elements**

- Customer plan
- Certificate of necessity
- Clean energy action plan—gas and electric ISP submittal
- Customer impacts (annual bill est.)

External engagement

DRAFT

# Opportunities and challenges

- Engagement opportunities are extensive but time constrained
- Timeline is aggressive by necessity
- This will be our first ISP, with few examples to leverage lessons learned
- Rulemaking concurrent with ISP development is not ideal, but work must proceed to deliver an ISP by Jan. 1, 2027

# Discussion and poll

Sophie Glass, Triangle Associates



# Discussion

- What are opportunities and challenges from your perspective?
- What topics are you most interested in discussing as an RPAG?
- Other considerations?

# Next steps

Sophie Glass, Triangle Associates



# Upcoming activities

| Date             | Activity  |
|------------------|---|
| July 24, 2024    | <a href="#">Feedback form</a> for this meeting closes |
| September 2024   | RPAG meeting  |
| October 31, 2024 | PSE files 2027 ISP engagement plan                    |



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Leave a voice message at 425-818-2051

# Public comment opportunity

Please raise your “hand” if you would like to provide comment.



**Thanks for joining us!**





# Appendix



*PUGET  
SOUND  
ENERGY*

# Acronyms

| Acronym | Meaning   |
|---------|---|
| CEIP    | Clean Energy Implementation Plan                  |
| CETA    | Clean Energy Transformation Act                   |
| DER     | Distributed Energy Resources                      |
| DR      | Demand response                                   |
| DSR     | Demand-side resources                             |
| EAG     | Equity Advisory Group                             |
| IAP2    | International Association of Public Participation |
| IRP     | Integrated Resource Plan                          |
| ISP     | Integrated System Plan                            |
| RFP     | Request for Proposal                              |
| RPAG    | Resource Planning Advisory Group                  |