



NW Energy Coalition

December 1, 2023

Cathy Boies
Director, Interior West
Gridworks
cboies@gridworks.org

RE: Comments on Behalf of the NW Energy Coalition and Spark Northwest on the E3 NEM evaluation preliminary results

Dear Ms. Boies,

As members of the Technical Advisory Group (“TAG”) facilitated by Gridworks, the NW Energy Coalition (“NWEC”) and Spark Northwest appreciate the opportunity to provide comments on E3’s preliminary results for the Washington net metering (“NEM”) evaluation.

NWEC is an alliance of over 100 environmental, civic, and human service organizations, progressive utilities, and businesses. Our mission is to advance clean, equitable, and affordable energy policies in Washington, Oregon, Idaho, and Montana. We envision the Northwest comprised of communities that benefit from a carbon-free energy system that equitably meets the needs of people and preserves the region’s natural resources.

Spark Northwest is a regional nonprofit that partners with frontline communities to design and fund clean energy projects. In addition to project-based partnerships, we advocate for policy measures that support our community partners’ clean energy goals.

Introduction

We recognize that the solar landscape in Washington is changing due to the clean energy and energy equity mandates in the Clean Energy Transformation Act, new federal incentives, ongoing work in the Legislature, and various initiatives undertaken by entities within the state—including this NEM evaluation. Solar adoption is on a path to becoming more accessible than it has ever been in Washington, which paves the way for growth. We further acknowledge that solar energy comprises approximately 0.33% of the state’s electric generation mix.¹

¹ Washington Department of Commerce. Washington Electric Utility 2021 Fuel Mix Disclosure Report, page 6. Updated August 2023. <https://www.commerce.wa.gov/wp-content/uploads/2023/08/2021-FMD-Report-Update.pdf>

When our organizations learned in June of this year that utilities wanted to pursue this study to quantify any cost shifts from retail NEM solar customers to non-solar customers, we held initial concerns. Several of these concerns still persist. As far as study execution, we continue to hold concerns around the abbreviated timeline of the study, the quick turnaround on TAG recruitment, and the lack of community perspectives in the study’s proposal. We are also concerned that the study may be misinterpreted since the benefits of NEM have not been included. We are concerned that policymakers may misinterpret this study as a comprehensive illustration of the effects of NEM on customers in Washington, which would require the inclusion of both costs and benefits associated with NEM. The TAG provided a list of the benefits of net metered solar as requested during the study process, but none of those benefits have been included in the draft report, which only describes the consumer and societal costs associated with NEM – not the net of associated costs and benefits.

Feedback on Study Execution

Abbreviated study timeline. House Bill (“HB”) 1427 was introduced but did not pass during the 2023 legislative session. Among several proposals to address the future of NEM in Washington, HB 1427 would have required that a value of solar and cost shift study be conducted by the Department of Commerce, in consultation with the UTC and a workgroup of interested parties. Requirements of this study, similar to those in the utility-funded NEM evaluation conducted by E3, were described in HB 1427. However, HB 1427 required that the study be completed by July 1, 2025 and that a report be delivered to the Legislature by December 31, 2025. From the end of the 2023 legislative session in April 2023, HB 1427’s study would have offered a timeline of about two-and-a-half years. This is approximately four times the duration of the E3 study.

From the onset we were concerned that the E3 study’s relatively short timeline could lead to methodological issues, incomplete data collection, limited literature review, and insufficient stakeholder engagement. Please see below for further explanation as to how we believe the brief timeline of this study has impacted the final outcome.

Incomplete TAG Recruitment. We recognize and truly appreciate that the TAG was created separately and not convened by E3 or the study utilities. Our initial concern with the creation of the TAG coincides with the brevity of the study. The TAG for such a critical solar study should represent a broad group of interested parties— including but not limited to the rooftop solar industry, agricultural farms, environmental justice advocates, labor unions, consumer advocates, the department of labor and industries, rural communities, and tribes. However, each of these groups, particularly the voices of tribes, were missing from the TAG. This is likely due to how quickly the group was put together.

A quickly formed and convened advisory group does not provide adequate time for engaging with all interested parties, incorporating their perspectives, and ensuring that the study addresses key concerns and considerations from various perspectives.

Lack of Community Perspective. Our final concern is for the lack of community perspective included in the final result, particularly the lack of input from environmental justice and low-

income communities and Tribes, all of whom are in the very early stages of accessing net metered solar.

Concerns on Lack of Benefits

This study has made clear that NEM solar can create costs to consumers and society. The study does not capture the myriad of consumer, societal, and environmental benefits associated with NEM solar. The TAG was asked to provide a list of benefits associated with NEM solar, but the benefits listed by the TAG are not included in the draft report. The exclusion of benefits, including the following priority benefits, may cause policymakers who do not have specific expertise in distributed energy resources to assume that NEM solar creates societal and consumer costs without providing critical benefits.

Net metered solar preserves tribal land and resources – less solar being forced onto tribal lands. Self-generation can preserve tribal resources and increase tribal sovereignty.

We are very disappointed that this benefit was not included in this NEM evaluation study. In Washington State, tribal sovereignty, collaboration, and approval are paramount to the advancement of an equitable and just clean energy transition. In its draft results, E3 said that “[n]et benefits or costs cannot be determined without in-depth conversation with tribes that are affected by these developments.”² We wholeheartedly agree and emphasize that the necessary in-depth conversations and collaboration with willing tribes would have been feasible and advantageous given a longer study duration.

Furthermore, E3 stated that it can’t “quantify a dollar amount and instead recognizes the further potential benefit provided by NEM solar”.³ This statement makes it clear that, while it wasn’t included in this study, the perspective of tribes and the value that NEM solar provides to tribes is essential to a comprehensive statewide NEM evaluation.

Net metered solar increases awareness around clean energy, because it is tangible and visible to neighbors and the public. It raises public awareness for energy issues; onsite generation might encourage residential storage; it can be a driver for electrification; and it can reduce the need for demand reduction.

The study excluded this benefit because E3 is unaware of methods to quantify and monetize this benefit.⁴ This is another benefit that could have potentially been quantified or assessed further with additional time. Alternatively, closer collaboration with the TAG could have resulted in a different metric that could have been used to assess this benefit or an adder that could have been included to give weight to the “hard-to-quantify” benefits.

Net metering incentivizes small-scale projects that create local green jobs, apprenticeship opportunities, local living wage employment, and training in the electrical field.

² E3 Draft Results presentation, slide 29.

³ E3 Draft Results presentation, slide 29.

⁴ E3 Draft Results presentation, slide 29.

Living wage green jobs and apprenticeships are essential to enabling a just clean energy transition that NEM and solar are a part of.

In its reasoning for excluding the local employment benefit, E3 said it is “unable to isolate the marginal economic impacts of an increase in customer solar without a larger macroeconomic model”.⁵ Once again, we believe that additional time would have resulted in a method to quantify the benefits of living wage green jobs and apprenticeships for Washington communities. As referenced by E3, a larger macroeconomic model could have been explored with more time.

A tool that we offer for this work is the Interstate Renewable Energy Council’s (“IREC”) annual “National Solar Jobs Census”. In its 2022 report, IREC found that “residential solar jobs [in the United States] grew by 11%, or about 9,500 jobs” and that over 70 percent of these jobs were at installation and project development firms and in operations and maintenance.⁶ All of which offer local employment opportunities. In Washington, solar jobs grew nearly 20% since 2017.⁷ Resources like this IREC report should be used to estimate local employment benefits from residential solar as opposed to leaving this benefit out entirely.

Investment in disadvantaged communities – jobs and local spending in disadvantaged communities.

While it is true that some historically excluded communities “don’t currently see significant benefits from participating in NEM due to low adoption in these communities,”⁸ it is important to consider the broader and long-term advantages that can arise from increased participation. The exclusion of this benefit showcases the dire need to hear from historically excluded communities about their experiences and ideas for quantifying or developing a proxy to represent this benefit. At the very least, E3’s NEM evaluation should do more to acknowledge the lack of significant measurement and representation of the benefits that NEM directs towards Washington’s named communities.

Conclusion

We are grateful for the work that E3 and Gridworks have done throughout this process. At the same time, we find it necessary to address the persistent concerns regarding the study timeline, Technical Advisory Group involvement, and the absence of a comprehensive community perspective. These concerns collectively diminish the inclusivity and depth of the study, potentially overlooking significant benefits that a more thorough examination could have revealed.

A more extended study duration, as proposed in HB 1427, could have allowed for a more thorough exploration of the complexities surrounding NEM in Washington. Stemming from this, the expedited formation of the TAG might have hindered its ability to represent a diverse array

⁵ E3 Draft Results presentation, slide 30.

⁶ <https://irecusa.org/census-executive-summary/>

⁷ <https://irecusa.org/census-solar-jobs-by-state/>

⁸ E3 Draft Results presentation, slide 30.

of stakeholders. A more inclusive TAG, formed with adequate time for engagement, could have ensured a more comprehensive understanding of the various perspectives and benefits of NEM. The excluded benefits, such as the preservation of tribal land and resources, increased awareness, local employment opportunities, and investment in disadvantaged communities, underscore the need for a more expansive approach that incorporates the voices and experiences of all stakeholders. The study acknowledges the difficulty in quantifying some benefits but fails to fully explore alternative metrics or collaborative approaches that could have resulted in more benefits' inclusion.

In moving forward, we urge E3 to acknowledge the study's limitations for all future readers. In this study and future NEM and solar studies in Washington, recognizing and rectifying these concerns will not only lead to a more accurate representation of the impacts of NEM in the state, but further ensure that the state's clean energy transition is equitable, just, and beneficial for all communities involved.

Thank you for considering our comments.

Respectfully submitted,

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