

We can protect Washingtonians with proactive gas utility planning

New research shows the need for a timely and managed clean energy transition that puts customers first and reduces system costs. We need HB 1589 to make that a reality.

There is a roadmap for decarbonizing Washington's buildings.

Washington has a statutory target of reducing climate pollution 95% below 1990 levels by 2050, and the Climate Commitment Act enacts a greenhouse gas emissions ceiling that decreases over time to net-zero. During this time, all large emitters must pay for emission allowances. Washington's 2021 State Energy Strategy models a pathway to reach Washington's ambitious climate goals, with the building sector on a trajectory to reach near-zero greenhouse gas emissions by 2050.

Exactly how PSE plans to decarbonize will have a big impact on both the utility and its customers. Depending on when and how PSE decarbonizes, customers could face increased gas rates that would disproportionately affect low-income and small commercial customers who are left on the gas system as wealthier customers make the transition to electric. The utility could also be unable to recover the costs of its system over time if rates and assets are not managed so that customers can afford them.

New research models four zero-emission scenarios

Climate Solutions hired Synapse, a research firm, to model the effects of decarbonization pathways for PSE and its customers, and what happens when a utility proactively plans (as required in HB 1589) versus allows decarbonization to happen unplanned.



Managed and Timely Transition (2025)

The utility implements a plan for clustered electrification and proactive planning beginning in 2025. Assets are retired economically as customers decarbonize.

Delayed Managed Transition (2030)

This case is similar to the Managed and Timely Transition, except that the transition begins in 2030 rather than 2025.

Delayed Managed Transition (2035)

This case is the same as the 2030 case, except that the managed transition begins in 2035.

Unmanaged Transition

Electrification occurs at random across PSE's service territory. Customers continue paying for underutilized gas infrastructure until 2050, at which point the utility begins depreciating and retiring infrastructure.



The Managed and Timely Transition best protects customers and minimizes utility rates long-term.

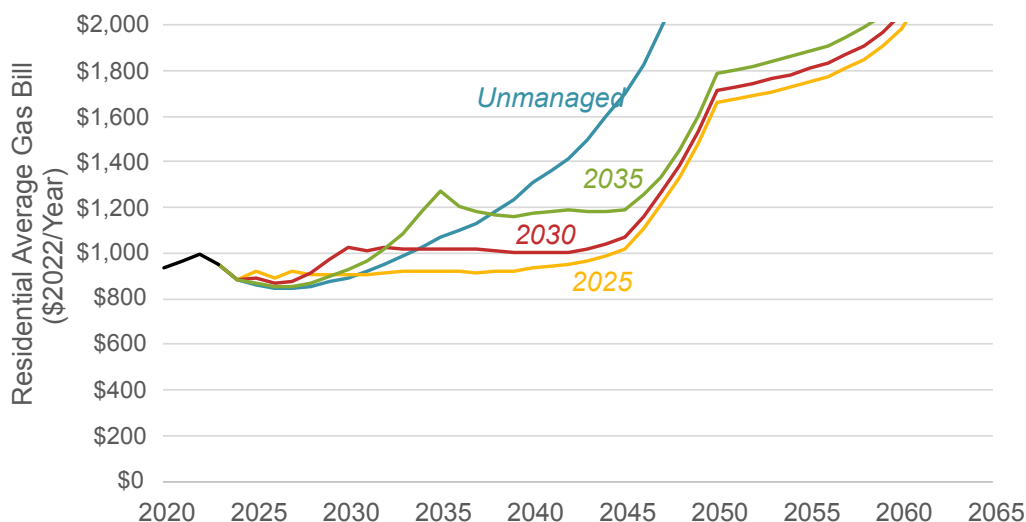
As modeled by the yellow line in the graph shown, the Managed and Timely Transition (“2025”) keeps gas bills the lowest for the longest. The Delayed Managed Transitions, modeled by the red and green lines labeled “2030” and “2035”, show that when the managed transition is delayed by even five or ten years customers experience a bump in rates before the utility starts to retire uneconomic portions of their system. The Unmanaged Transition, shown in blue, results in runaway utility rates with average annual gas bills doubling by around 2045. The Managed and Timely Transition also mitigates electric bill impacts when gas and electric rates are combined, as in HB 1589.

It is imperative to plan now so that customers don’t face increased costs and risk.

Economy-wide decarbonization is already under way and gas utilities need to be proactive about their own future. With no further delay, they must review their energy system, and responsibly manage the system and the infrastructure that their remaining (and dwindling) gas customers must pay for.

HB 1589 will make the Managed and Timely Transition possible.

It will enable PSE to proactively and strategically plan for decarbonization that will save costs all around, protect its low-income and small commercial customers, like multifamily housing and restaurants, and reduce the risk of stranded assets.



Residential Average Gas Bills in Each Scenario through 2065

In this graph, each scenario is labeled by its start date (2025, 2030, 2035, “Unmanaged”). Gas bills eventually increase under all scenarios near the end of the timeline because that’s when the few remaining customers must pay for the remaining infrastructure. Scenarios that plan to strategically retire uneconomic portions of the system both delay and significantly mitigate the bill increase.