Washington State Renewable Energy
and Energy Conservation Initiative
(Initiative 937)

Clarifying Questions Proposed for Commission Rulemaking

The following provides a summary of clarifying questions on which PacifiCorp anticipates the Commission will provide guidance within the context of the rulemaking:

Section 3. DEFINITIONS

(4) "Conservation" – Provide clarification of the definition of conservation; specifically whether it includes market transformation, load management, demand response, low income weatherization, energy education, voluntary curtailment programs, pricing options such as interruptible service, time-of-use rates, etc. Clarify how cost effectiveness will be measured e.g. on a portfolio of programs, or on individual programs.

(9) "Distributed generation" – With regards to the definition of distributed generation, clarify what is meant by "integrated cluster".

(10) (a) (ii) - Provide clarification on what is meant by this section for practical implementation. Non-dispatchable resources such as wind typically require shaping and integration services even if located in Washington; how will this requirement be interpreted and audited? How are the transmission delivery points into Washington determined?

(10) (b) - How will the Commission measure "incremental electricity produced"?

(12) "Load" – PacifiCorp notes that there are two different definitions of "load" in the initiative [weather adjusted in Section 4 (2)(d)(i) and apparently non-weather adjusted in every other instance] and three different time periods for measuring load. Actual load data for any 12-month period likely will not be available for several months after the end of the 12-month period. This has implications for measuring compliance, qualification for exemptions, and determination of penalties. For this definition, how will the Commission define the "most recently completed year" – e.g., the immediately preceding year even if data is not available, the most recent calendar year for which data is available, or some other year?

(13) "Nonpower attributes" – Note that the definition effectively would require all characteristics to be present to qualify as a nonpower attribute. This means that if the CO2 credit associated with the power has been sold or retired, the power is no longer considered to qualify for renewable energy credits under Section 3 (13). This is inconsistent with current practice under western accrediting organizations such as REGIS. As a result, Washington will require some mechanism for tracking. How is the Commission going to track whether various nonpower attributes have been sold from a

particular resource?

(17) "Renewable Energy Credit" – What is the Commission's position on REC ownership from Qualifying Facility (QF) contracts? Do How will the Commission ensure that CTED selects an appropriate renewable energy credit tracking system? Also note that some accreditation approaches grant one credit per kWh of generation, not MWh of generation.

(18) "Renewable resource" – If a portion of the biodiesel unit burns fuel from either old growth or first growth forests, how will the output from the facility be pro-rated towards meeting the target? How will the Commission track which portion of the unit should be applied toward the renewable target?

(19) "Rule" – How is the Commission going to ensure there is consistency between the Commission rulemaking and the rules developed by CTED for the public utilities?

Section 4. ENERGY CONSERVATION AND RENEWABLE ENERGY TARGETS

(1) (a) Clarify the process for utilities to identify their conservation potential. What is meant by using methodologies consistent with the regional power plan? Will utilities be able to determine what methodologies are most appropriate given their service territory? Clarify if potential is established for the utility as a whole or by sector within that utility's service area. Is the potential identified for each year in the ten year planning horizon? Are the costs of the potential study updates recoverable via the System Benefits Charge? Does the utility's share of Northwest Energy Efficiency Alliance's reported savings count toward the utility's conservation targets? Is there a review and acknowledgement process for the potential assessment or for the reported results? How will the regional power plan results be used in the process? Please clarify the schedule for the acquisition of energy conservation, i.e. by January 1, 2010 ten-year potential identified, by January 1, 2012 report on conservation achieved for previous two year period (2010 and 2011).

(1) (b) Is the acquisition target a first year megawatt hour savings number? For energy conservation programs that may be designed to reduce peak load (i.e., MW), how will the Commission convert MW to MWH? Does the target value include line losses? Clarify if the pro rata share is 2/10th of the ten year target identified in the utility's potential assessment. Can the utility carry over savings that exceeded the prior year target to the next year? How will the Commission consider or count unique conservation opportunities, such as a very large project (i.e. Boise Cascade) or programs that are offered for a limited time and produce large results during that time.

(2) (c) How does the Commission define "average" load? How does the Commission define the previous two years, given a utility must be in compliance by January 1, 2012 and won't have actual load date from 2011 until three months into 2012 and that a "year" has been defined as January to December? Would actual load data from 2009 and 2010 be considered load data for the "previous two years"?

(2) (d) (i) How does the Commission define the previous three years so that a utility knows that they have achieved the requirement? What is meant by weather-adjusted load and is it measured differently than load referenced in Sections 3 (12) or 4 (2) (c)?

(2) (d) (ii) How would a multi-state utility implement the requirements of this section, particularly if it purchases or builds non-renewable power to serve other states?

(2) (d) (iii) How is "that year" defined in this section, i.e. compliance year, contract year, etc.?

(2) (g) How will the percentage of a cofired renewable resource that qualify to meet the target be determined?

(2) (i) How will "events beyond reasonable control" be determined? For example, if a contractor is not able to deliver production on time due to the unavailability of turbines, would this be considered an event beyond reasonable control even though the industry generally knows there is a shortage of turbines?

Section 5. RESOURCE COSTS

(1) (a) How does the Commission define "a given year" ? What year should the utility use to determine the "total annual retail revenue requirement"? Does the four percent cost cap compound annually?

(1) (b) How does the Commission define levelized delivered cost? How should utilities compare resources of different contract lengths or facility life?

(2) How will the Commission ensure cost recovery issues for the qualifying investor-owned utilities that serve both in Washington and other states?

Section 6. ACCOUNTABILITY AND ENFORCEMENT

(1) Please provide a complete example, including particularly the time periods that will be used for measurement, of how compliance will be determined for both renewable resources and conservation. Please keep in mind that a utility will likely need to contract for or begin building renewable resources two to four years in advance of the compliance year in order to have a reasonable opportunity for a resource to be available on January 1 of a compliance year. Thus, the utility will need to forecast customer load for the compliance period – likely based on normalized data related to load three or more years prior to the compliance year. Is there a possibility of a penalty for each two-year target cycle, or would a penalty be assessed each year based on one year of results. Please specify which inflation indicator the Commission will use to adjust the penalty.

(2) How and when does the Commission determine an exemption to the penalty?

(3) How does the Commission expect the utility to notify its retail electric customers regarding the penalty?

(4) How and when will the Commission determine if a utility can recover the cost of a penalty in rates? What incentives to exceed the targets would the commission consider?

(5) The production of generation, particularly renewable generation such as wind and solar which are dependent upon weather variables, can vary dramatically from forecast and from year to year. If a utility, by contract, places this production risk on a third party (such as the developer or operator of the renewable facility) will any associated costs of avoiding this risk be recoverable in rates?

(6) If a utility intentionally contracts for or builds more renewable resources than would otherwise be required or cost-effective in order to mitigate forecasting risk or production risk, will the cost of the excess be recoverable in rates?

Section 7. REPORTING AND PUBLIC DISCLOSURE

(1) Will the Commission consider reporting efficiencies in establishing reporting requirements? Are the results for the conservation programs reported before or after program evaluations are complete?

(3) How does the Commission propose the utility make reports available to customers?