



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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May 5, 2020

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By 5 p.m., June 2, 2020)

Re: Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act, Docket UE-191023

TO ALL INTERESTED PERSONS:

On January 15, 2020, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to promulgate new rules to implement certain sections of the Clean Energy Transformation Act (CETA),¹ centered on the implementation of Chapter 19.405 RCW and revisions to Chapter 80.28 RCW. The Commission filed the CR-101 under Docket UE-191023.

Along with the CR-101, the Commission issued a Notice of Opportunity to File Written Comments for stakeholders to answer questions on the direction of the rulemaking and the issues under consideration. The Commission received comments from 20 stakeholders.

The CR-101, as filed with the Code Reviser, is available for inspection on the Commission's website at <http://www.utc.wa.gov/191023>. If you are unable to access the Commission's web page and would like a copy of the CR-101 mailed to you, please contact the Records Center at (360) 664-1234.

¹ E2SSB 5116, Laws of 2019, ch. 288.

ISSUE DISCUSSION

This rulemaking is focused on developing rules for the Clean Energy Implementation Plans (CEIPs) as required by RCW 19.405.060, and demonstration of compliance with CETA. Here, we briefly identify three specific provisions of the discussion draft rules.

The proposed rules are in a new subpart of WAC 480-100-600, Part VI-Planning, which would follow the rules for integrated resource plans (IRPs). The first section of this discussion draft is a common set of definitions carried over from the discussion draft rules for IRPs in Docket UE-190698. There are proposed additions and minor edits to that existing list of definitions.²

In draft WAC 480-100-655(13), Biennial CEIP update, the draft requires utilities to file a CEIP update two years after the original CEIP for Commission approval for the limited purpose of incorporating the Biennial Conservation Plan and the subsequent modification to the CEIP targets. However, in that same filing, the draft allows for an opportunity to update the CEIP for other material changes that may result from IRP progress reports or other utility activities. Additionally, draft WAC 480-100-665(3), Annual Clean Energy Progress Reports incorporates the renewable portfolio standards requirements. Together these two draft rules provide a good opportunity to fold EIA filing requirements into a required CETA process, thereby reducing the number of utility filings and ensuring consistent energy efficiency targets.

Finally, draft WAC 480-100-675 proposes rules for calculating the incremental cost of compliance. Comments the Commission has received on implementation of this provision of CETA identify differing views on the incremental cost calculation. As noted below, we welcome comments on the appropriate calculation of the incremental cost of compliance and the rationale for that calculation.

QUESTIONS FOR CONSIDERATION

The Commission requests comments on the entirety of discussion draft rules, but specifically requests comments in response to the following questions. Stakeholders may submit proposed edits in an attachment to their comments.

1. As stated in the Issues Discussion, draft WAC 480-100-600, Definitions, is a set of definitions that will apply to both the IRP and CEIP rules as first proposed in the IRP rulemaking, Docket UE-190698. We are interested in hearing responses to the draft's use

² The Commission acknowledges that these rules and the IRP rulemakings are inter-dependent. Therefore, the Commission anticipates releasing the second drafts of both these rules and IRP rules together in the middle of 2020.

of the term “resource” throughout these draft rules, in particular, if its use is consistent with your understanding of the term and is appropriate for these rules.

- a. “Lowest reasonable cost.” Does the use of the term “resource” in this definition limit the types of costs that are included in an assessment of “lowest reasonable cost”?
 - b. “Resource need.” Is it appropriate to include “delivery system infrastructure needs” in the definition of “resource need”?
 - c. “Integrated resource plan.” Is it appropriate to include “delivery system infrastructure needs” in the definition of “integrated resource plan”?
 - d. Do changes to the integrated resource planning statute, RCW 19.280, especially the additions of RCW 19.280.100 (Distributed energy resources planning) and RCW 19.280.030(2)(e) affect the definition of “resource”? Does the term “resource” refer to more than just energy and capacity resources for meeting (or reducing) customer demand for electricity?
2. The purpose of CETA is to transition the electric industry to 100 percent clean energy by 2045. To achieve this policy, each utility must fundamentally transform its investments and operations. In draft WAC 480-100-650, Clean energy standard, the discussion draft states that “planning and investment activities undertaken by the utility must be consistent with the clean energy standards [Chapter 19.405 RCW].” While RCW 19.405 refers to the percentage of retail sales served by nonemitting and renewable resources as the “standard,” the draft rule describes a clean energy standard that incorporates the additional requirements found in the statute. Is this term useful in clarifying the rule? If not, please recommend an approach for including the additional requirements from the statute.
 3. The proposed rules make a distinction between determining whether the planning and investment activities undertaken by the utility are in compliance with the clean energy standards of CETA and approving the specific actions the utility undertakes to comply with the clean energy standards. In draft WAC 480-100-650, the discussion draft requires that all planning and investment activities undertaken by the utility must be consistent with the clean energy standards.
 - a. Should the commission determine whether all the activities, rather than the planning and investment activities, undertaken by the utility are consistent with the clean energy standards?
 - b. Does the draft rule need to more clearly delineate the review of activities as being separate from the approval of the specific actions?
 4. RCW 19.405.060 requires a utility to file a CEIP by January 1, 2022. However, Staff is proposing a timeline that requires utilities to file CEIPs in advance of January 1. Draft

WAC 480-100-655 requires utilities to file a CEIP by October 1, 2021, and draft WAC 480-100-670(4) requires the utility to provide a draft of the CEIP to its advisory group two months before filing it with the Commission. The purpose of Staff's proposed timeline is to align the CEIP with the existing process established for reviewing utility biennial conservation plans, as required by the EIA. As indicated in the Issue Discussion section, Staff's intent is to reduce the number of utility filings so that the CEIP can satisfy both the EIA and CEIP conservation target setting requirements. Staff also believes that approving the CEIP earlier will give the utility more certainty of its requirements and better enable utility planning. Please respond to the merits of this proposed timeline.

5. RCW 19.405.060(1)(b)(iii) refers to "demonstrating progress toward" meeting the clean energy standards and interim targets.
 - a. Is it clear from the draft rules that such a demonstration within a four-year compliance period would encompass compliance with the various components of the statute?
 - b. Is it clear from the draft rules that some components of the statute (*e.g.*, RCW 19.405.030 and RCW 19.405.040(8)) would be evaluated relative to the four-year compliance period rather than relative to 2030 or 2045?
6. Interim targets
 - a. Draft WAC 480-100-655(2)(b) requires utilities to propose interim targets for meeting the 2045 standard under RCW 19.405.050. Noting that RCW 19.405.060(1)(a)(ii) requires utilities to propose interim targets for meeting the standard under RCW 19.405.040 but not .050, is it appropriate for the Commission to establish interim targets for making progress toward meeting the standard in .050?
 - b. Draft WAC 480-100-665(1)(b) requires utilities to meet their interim targets. However, RCW 19.405.090 does not establish penalties for interim targets. Is it appropriate for the commission to enforce compliance with the interim targets through its own authority?
7. Chapter 19.405 RCW requires the utility to demonstrate its compliance with RCW 19.405.040(1) and 050(1) using a combination of nonemitting and renewable resources. Because there are additional requirements in the statute, draft WAC 480-100-665 requires the utility to report more than just its nonemitting and renewable resources. Is the reporting under draft WAC 480-100-665 necessary and appropriate?
8. RCW 19.405.040(1)(a)(ii) establishes multiyear compliance periods between 2030 and 2045. RCW 19.405.060(1)(a)(ii) requires the utility to propose interim targets during the years prior to 2030 and between 2030 and 2045. Draft WAC 480-100-655(2), uses the

term “implementation period” to avoid confusion with the compliance periods in the statute. It also requires a series of interim targets for 2022 to 2030 and 2030 to 2045. Does the draft rule clearly demonstrate that intent? Is this approach appropriate?

9. In draft WAC 480-100-665, Reporting and compliance, the discussion draft implies that the utility must demonstrate that the utility has met both its interim and specific targets while also demonstrating that it is making progress towards meeting its clean energy standards, as described in draft WAC 480-100-650. It is possible that a utility could demonstrate that it will likely meet the clean energy standards, or is meeting the clean energy standards, but may not meet a specific target. Should the Commission always issue a penalty to a utility for failing to meet a specific target or should it take into consideration the utility’s achievement for the clean energy standard, interim target, and other specific targets?
10. RCW 19.280.030(3) specifies when an electric utility must consider the social cost of greenhouse gas emissions when developing integrated resource plans and clean energy action plans. Draft WAC 480-100-675(1)(a) proposes rules that would require utilities, when calculating the incremental cost of compliance, to include in their alternative lowest reasonable cost and reasonably available portfolio the social cost of greenhouse gas emissions, or SCGHG, in the resource acquisition decision. Please comment on (1) whether the inclusion of the SCGHG is required by statute, (2) if not, whether it is still appropriate for the rules to require the SCGHG in the alternative lowest reasonable cost and reasonably available portfolio, and (3) how inclusion of the SCGHG affects the calculation of the incremental cost of compliance.
11. Draft WAC 480-100-675(4), reported actual incremental costs requires the presentation of capital and expense accounts to be reported by Federal Energy Regulatory Commission (FERC) account. For the purpose of reporting electric retail revenues, should the Commission require utilities to use a standard list of FERC accounts as part of the incremental cost calculation?
 - a. If yes, please use the table provided below for discussion purposes to indicate if there are any FERC accounts listed that should not be included? Conversely, are there any FERC accounts that are not listed that should be included? Please include comment on the rationale to either include or exclude a particular FERC account.
 - b. If no, please provide the challenges encountered by a standard FERC account listing.

FERC Account name	FERC account number
Residential Sales	440
Commercial and industrial sales	442
Public street and highway lighting	444
Other sales to public authorities	445
Sales to railroads and railways	446
Interdepartmental sales	448
Sales for resale	447
Other electric revenues	456
Revenues from transmission of electricity of others	456.1
Regional transmission service revenues	457.1
Miscellaneous revenues	457.2

WRITTEN COMMENTS

The Commission gives notice of the opportunity to submit written comments no later than **5 p.m., Tuesday, June 2, 2020**.

Pursuant to WAC 480-07-250(3), written comments must be submitted in electronic form, specifically in searchable .pdf format (Adobe Acrobat or comparable software). As provided in WAC 480-07-140(5), those comments must be submitted via the Commission's web portal at www.utc.wa.gov/e-filing. If you are unable to submit documents via the portal, you may submit your comments by email to the Commission's Records Center at records@utc.wa.gov or by mailing or delivering an electronic copy to the Commission's Records Center on a flash drive, DVD, or compact disc that includes the filed document(s). Comment submissions should include:

- The docket number of this proceeding (Docket UE-191023).
- The commenting party's name.
- The title and date of the comment or comments.

The Commission will post on its web site all comments that are provided in electronic format. The web site is located at <http://www.utc.wa.gov/191023>.

If you are unable to file your comments electronically the Commission will accept a paper document.

FUTURE STAKEHOLDER WORKSHOPS AND COMMENTING PERIODS

Stakeholders will have further opportunity for comment at future workshops. Information about the workshop schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's website as it becomes available. Persons filing comments in response to this Notice will receive future communications the Commission issues in this docket. If you do not file comments but wish to receive such information you may contact the Commission's Records Center by telephone at (360) 664-1139 or by email records@utc.wa.gov and ask to be included on the mailing list for Docket UE-191023.

When contacting the Commission, please refer to Docket UE-191023 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

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If you have questions regarding this rulemaking, you may contact staff lead Brad Cebulko at (360) 259-5315, or by email at bradley.cebulko@utc.wa.gov.

MARK L. JOHNSON
Executive Director and Secretary