



# PREPROPOSAL STATEMENT OF INQUIRY

**CR-101 (October 2017)  
(Implements RCW 34.05.310)**

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DATE: October 10, 2023

TIME: 11:12 AM

WSR 23-21-046

**Agency:** Utilities and Transportation Commission

**Subject of possible rule making:** The purpose of this rulemaking is to consider possible revisions to WAC chapter 480-100, WAC 480-90-238, WAC 480-107, and potential new rules under RCW 80.28.380 given investor-owned utilities' (IOUs) obligations under the Climate Commitment Act (CCA), codified as RCW 70A.65. This rulemaking is being initiated in the context of a pending workshop docket, Docket U-230161, at the Utilities and Transportation Commission (Commission).

**Statutes authorizing the agency to adopt rules on this subject:** RCW 80.01.040, RCW 80.04.160, and RCW 19.405.100. RCW 19.405.100(9) provides that the Commission may revise rules implementing the Clean Energy Transformation Act (CETA), codified at RCW 19.405, "as needed to carry out the intent and purposes of this chapter."

**Reasons why rules on this subject may be needed and what they might accomplish:** The Commission seeks to consider whether it should revise WAC chapter 480-100, WAC 480-90-238, WAC 480-07, and adopt potential new rules given the recent inclusion of IOUs under the CCA.

In 2019, the Legislature enacted CETA, which requires IOUs to eliminate coal-fired electricity by 2025, to achieve carbon-neutrality by 2030, and to be carbon-free by 2045. CETA requires the Commission to review Clean Energy Implementation Plans (CEIPs) filed by IOUs, and it provides the Commission with broad -rulemaking authority.

More recently, in 2021, the Legislature passed the CCA to reduce greenhouse gas (GHG) emissions from a variety of covered entities. Also referred to as "Cap and Invest," the law establishes a declining cap on GHG emissions from covered entities and is intended to reduce state emissions by 95 percent by 2050. IOUs subject to CETA are provided "no cost" allowances to mitigate the cost impacts of the CCA on electricity customers. RCW 70A.65.120(1). The Department of Ecology (Department) must allocate no cost allowances to IOUs consistent with a forecast approved by the Commission, reflecting each IOUs supply and demand, as well as the cost burden resulting from inclusion of IOU under the CCA. RCW 70A.65.120(2).

In this rulemaking, the Commission seeks to consider whether WAC chapter 480-100 should be revised given the need for supply and demand forecasts to be submitted to the Department for allocation of no cost allowances. The Commission specifically intends to consider potential revisions to WAC 480-100-620, WAC 480-100-640, and WAC 480-100-650, which set forth the requirements for Integrated Resource Plans (IRPs), CEIPs, and subsequent reporting and compliance. The Commission will also consider other revisions or potential new sections for WAC chapter 480-100, addressing the use of revenues collected from an IOU through the consignment and auction of no cost allowances for the benefit of ratepayers. The Commission additionally intends to consider changes to WAC 480-90-238, the Gas IRP rules given the impacts of the CCA on forecasts for allowances. Additionally, the Commission seeks to consider changes to WAC 480-107 given how the CCA, impacts to forecasts, and no cost allowances may impact the purchase of resources and resource planning for electric utilities. Finally, the Commission seeks to explore creating rules under RCW 80.28.380 given how obligations under the CCA may impact and interact with gas companies' conservation targets.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** The Department of Ecology (Department) is the primary rulemaking agency for purposes of implementing the CCA. Pursuant to WSR # 22-20-056, the Department adopted rules implementing the Cap and Invest program in WAC chapter 173-446. The UTC intends to consult with the Department in this rulemaking proceeding and to limit the scope of this rulemaking to matters that are properly within the UTC's jurisdiction, such as the UTC's approval of IOUs forecasts and the uses of funds from auctions for ratepayers.

The Department of Commerce is also charged with implementing CETA as it applies to consumer-owned utilities. However, the CCA contains separate statutory provisions for consumer- and investor-owned utilities. The UTC intends to consult with the Department of Commerce, but the UTC does not anticipate that this rulemaking will have any significant implications for consumer-owned utilities

**Process for developing new rule (check all that apply):**

Negotiated rule making

Pilot rule making

Agency study

Other (describe) The Commission will ask for initial written comments on the CR-101 by 12/15/2023, will seek additional written comments, and will conduct at least one stakeholder workshop.

**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

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Additional comments:

**Date:** October 10, 2023

**Name:** Kathy Hunter

**Title:** Acting Executive Director and Secretary

**Signature:**

