

July 10, 2007

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS  
(By August 8, 2007)**

**NOTICE OF HEARING  
(Set for Wednesday, August 15, 2007, 1:30 p.m.)**

RE: Public Utility Regulatory Policies Act Standards. Docket UE-060649  
PURPA Section 111(d) Standards:  
(11) - Net Metering  
(12) - Fuel Sources  
(13) - Fossil Fuel Generation Efficiency  
(14) - Smart Metering (Time-based Metering and Communications)

TO INTERESTED PERSONS:

On June 7, 2006, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to examine whether new regulations are needed to govern five aspects of investor-owned electric utility operations for which new federal standards are included in the Energy Policy Act of 2005. Four of these new federal standards address: 1) net metering, 2) fuel sources, 3) fossil fuel generation efficiency, and 4) smart metering. A fifth standard addresses interconnection. **The interconnection standard, as to which proposed rules have been issued, is addressed by separate notice in this Docket.**

The Commission received written comments on the above-listed four PURPA Standards on August 11, 2006. Drawing on those comments, Commission staff recommends that the Commission not adopt new regulations addressing the four PURPA Standards, but rather issue an Interpretive and Policy Statement pursuant to RCW 34.05.230 documenting its consideration and determinations concerning the standards. Commission staff has drafted an Interpretive and Policy Statement, which is posted on the Commission's web site at [www.wutc.wa.gov/060649](http://www.wutc.wa.gov/060649) for inspection and written comment by **August 8, 2007**.

The Commission intends that any comments it receives will become part of a hearing record upon which the Commission will rely in determining whether to adopt the draft interpretive and policy state, modify it, or reject it.

## **BACKGROUND**

On August 8, 2005, the President signed the Energy Policy Act of 2005 (“Energy Policy Act”). Sections 1251(a), 1252(a) and 1254(a) of the Energy Policy Act amend Section 111(d) of the Public Utility Regulatory Policies Act of 1978 (“PURPA”) to add new utility standards.<sup>1</sup> The Energy Policy Act further amends PURPA Sections 112 and 115 to require that state regulatory authorities examine these new standards and determine whether they should be adopted as requirements for state regulated electric utilities.<sup>2</sup>

Section 1251(a) establishes three new utility standards: net metering, fuel source diversity, and fossil fuel generation efficiency. State regulatory authorities are required to begin consideration of whether to adopt these three standards by August 8, 2007. The requirement for regulatory authorities to consider the three standards established in Section 1251(a) does not apply if a state has taken “prior action” to adopt or consider the standard or a comparable standard, or if the state’s legislature has voted on the standard or a comparable standard.<sup>3</sup>

Section 1252(a) establishes a standard for “Smart Metering” to require that utilities make available to retail customers time-based metering and a time-of-use rate schedules. State regulatory authorities are required to begin consideration of whether to adopt this standard August 8, 2006. The requirement to consider the standard established in Section 1252(a) does not apply if a state has taken “prior action” to adopt or consider the standard or a comparable standard within the three years prior to August 8, 2005, or the state’s legislature has voted on the standard or a comparable standard during that same three year period.<sup>4</sup>

## **COMMISSION INTERPRETIVE AND POLICY STATEMENT**

Washington has by legislative action already established standards comparable to the net-metering, fuel source, and fossil fuel generation efficiency standards set out in Section 1251(a) of the Energy Policy Act. Accordingly, the draft Interpretive and Policy Statement determines that no additional consideration or action is necessary on these three standards.

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<sup>1</sup> Energy Policy Act §§ 1251(a), 1252(a), and 1254(a) all codified at 16 U.S.C 2621(d)(11-15).

<sup>2</sup> Energy Policy Act §§ 1251(b)(1-2), 1252(b),(g),(h),(i), and 1254(b) codified at 16 U.S.C 2622(b)(3) and 16 U.S.C. 2625(b) and (i).

<sup>3</sup> Energy Policy Act § 1251(b)(3) codified at 16 U.S.C. 2622(d).

<sup>4</sup> Energy Policy Act § 1252(i) codified at 16 U.S.C 2622(e)..

The fourth standard addresses smart metering and time-of-use rates. The draft Interpretive and Policy Statement concludes that the Commission has a previously stated policy on these topics that should be reaffirmed, implemented on a company-specific basis, included in utility integrated resource plans, and clarified to include a set of factors that should be considered when utilities evaluate whether smart metering and time-differentiated rates are cost-effective.

## WRITTEN COMMENTS

The Commission invites written comments on the draft Interpretive and Policy Statement by August 8, 2007. Comments should address the proposed determinations regarding the PURPA Standards and any additional information the Commission should consider regarding these policies. Persons wishing to be heard on this matter may also attend and provide comments orally at the hearing scheduled for **1:30 PM, August 15, 2007**.

To be included in preparation for the hearing, written comments on the above-listed PURPA Standards and the draft Interpretive and Policy Statement must be filed with the Commission no later than **August 8, 2007**. The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted by electronic mail to the Commission's Records Center at [records@wutc.wa.gov](mailto:records@wutc.wa.gov). Please include:

- The docket number of this proceeding: UE-060649.
- The commenting party's name.
- The title and date of the comment or comments.

An alternative method for submitting comments is to mail/deliver an electronic copy on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later. Include all of the information requested above. The Commission will post on the Commission's web site all comments that are provided in electronic format. The web site is located at <http://www.wutc.wa.gov/060649>.

If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document. Questions may be addressed to Dick Byers at (360) 664-1209 or e-mail at [dbyers@wutc.wa.gov](mailto:dbyers@wutc.wa.gov) >.

**THE COMMISSION GIVES NOTICE of the opportunity to attend the public hearing and make oral comments about the proposal for the adoption of the Interpretive and Policy Statement at 1:30 p.m., Wednesday, August 15, 2007. This public hearing will be held in the Commission's Hearing Room, Second Floor, Chandler Plaza, 1300 S. Evergreen Park Drive, S.W., Olympia, Washington.**

Your participation via written comments and/or participation in the hearing is welcomed. Further information, including written comments received, will be posted on the Commission's web site as it becomes available. If you wish to receive further information on this inquiry you may:

- Call the Commission's Records Center at (360) 664-1234.
- E-mail the Commission at [records@wutc.wa.gov](mailto:records@wutc.wa.gov).
- Mail written comments to the address below.

When contacting the Commission, please refer to Docket UE-060649 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

Executive Secretary  
Washington Utilities and Transportation Commission  
1300 South Evergreen Park Drive S.W.  
P.O. Box 47250  
Olympia, Washington 98504-7250

Sincerely,

CAROLE J. WASHBURN  
Executive Secretary