NATURAL RESOURCES DEFENSE COUNCIL

September 27, 2005

Carole J. Washburn
Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
P.O. Box 47250
Olympia, WA 98504

Re: Comments of the Natural Resources Defense Council in Docket Nos. UE-030311 and UG-0303312

Dear Ms. Washburn:

On behalf of our 24,070 members residing in Washington, the Natural Resources Defense Council (NRDC) submits these comments on the draft rules in Docket Nos. UE-030311 and UE-030312. We also participated in the Commission's June 9 workshop, and we submitted earlier comments in these dockets on May 6, 2003 and May 13, 2005.

We appreciate the Commission's issuance of these straightforward and improved integrated resource planning rules. We will not seek here to reopen the continuing debate on whether and how the Commission should do more, by addressing potent financial disincentives to utility investment in energy efficiency, although we hope the Commission will not neglect other near-term opportunities to address these issues.

We also commend the Commission for an important and indeed historic proposed improvement in the rules, which now acknowledge for the first time that emissions of carbon dioxide represent a significant potential source of financial risk for purposes of determining the "lowest reasonable cost" of resources needed to meet system needs. However, we encourage the Commission to be clearer in its guidance to utilities on this point. Specifically, we recommend replacing the reference to "the cost of risks associated with environmental effects including emissions of carbon dioxide" with "the costs of risks associated with future environmental regulations, including limits on emissions of carbon dioxide" [WAC 480-100-238 (2)(b) and WAC 480-90-238 (2)(b)]. As we emphasized in our earlier comments, the point is not for utilities to try to assign a dollar value to global warming damage, but rather for them to anticipate reasonably foreseeable costs of complying with environmental regulations when evaluating resource alternatives (as PacifiCorp already does). The proposed substitute language makes this clear.

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We offer one additional suggestion on guidance to utilities regarding the content of IRPs. The previous draft of the gas rule (but not the electric version) included the requirement that conservation assessments address “each customer class.” The Commission has achieved uniformity at the expense of clarity, by excising the requirement altogether, leaving open the possibility that conservation assessments could exclude entire customer classes. We urge the Commission to eliminate any such inference by restoring the phrase “for each customer class” to both the electric and gas rules, so that the directive in each is to include “an assessment (for each customer class) of commercially available conservation” [WAC 480-100-238(3)(b) & 480-90-238(3)(b)].

We appreciate the opportunity to comment.

Yours sincerely,

Ralph Cavanagh
Northwest Energy Project Director