

September 14, 2020

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COMMISSION

RE: Comments of Renewable Northwest, Docket UE-190837

Utilities and Transportation Commission’s June 1, 2020, Notice of Opportunity to File Written Comments in the Matter of Amending, Adopting, and Repealing WAC 480-107, Relating to Purchases of Electricity.

I. INTRODUCTION

Renewable Northwest thanks the Washington Utilities and Transportation Commission (“the UTC” or “the Commission”) for this opportunity to comment in response to the Commission’s August 14, 2020, Notice of Opportunity to File Written Comments (“Notice”) in the Matter of Amending, Adopting, and Repealing WAC 480-107, Relating to Purchases of Electricity (“Rulemaking”).

We appreciate the care the Commission has taken not only to reconcile multiple rounds of comments across two dockets in this Rulemaking but also to coordinate this Rulemaking with the separate rulemakings implementing the Clean Energy Transformation Act (“CETA”). We also appreciate the extent to which the Commission has taken into account our past comments. The draft rules appear to be nearing their final form but could still benefit from further edits. In these comments, we first offer recommended changes to specific instances of draft rule language and then offer responses to the Notice’s specific prompts.

As always, we look forward to further engagement in this Rulemaking.

II. COMMENTS

A. Recommended Changes to Rule Language

WAC 480-107-010 -- Required RFPs

Draft WAC 480-107-010(1)(a) requires “one or more RFPs when ... [a] utility’s most recently filed IRP demonstrates that the utility has a resource need within four years.” Draft WAC 480-107-010(1)(b) requires “one or more RFPs when ... [a] utility’s two-year IRP update demonstrates a combined new or unfilled resource need greater than 80 MW compared to the utility’s most recently filed IRP.” We recommend that the Commission reiterate that an RFP is only required under (1)(b) if such a need is identified within four years, as the four-year figure is designed to allow time for competitive solicitation and project development.

WAC 480-107-020 -- Informational Filing Requirements

Draft WAC 480-107-017 governs RFPs required under draft WAC 480-107-010(1)(a) and provides at subsection (3) that “[w]ithin forty-five days after the RFP’s filing date, interested persons may submit written comments to the commission on the RFP.” Draft WAC 480-107-020, which applies to RFPs required under draft WAC 480-107-010(1)(b), does not include a similar stakeholder comment provision. Stakeholder comments can add significant value to an RFP process, identifying barriers to competition and ensuring that a utility and its customers benefit from the best available resource or resources to meet a utility’s needs. Accordingly we recommend that the Commission add a forty five-day stakeholder comment provision to WAC 480-107-020.

WAC 480-107-023 -- Independent evaluator for large resource need or utility or affiliate bid

We raised this point in our June 29 comments and believe the issue may have been inadvertently carried over to the current draft rules: WAC 480-107-023(5)(d) makes a seemingly inadvertent reference to “the Company” where in some previous sets of draft rules the language referenced “the commission.” For clarity and consistency, we recommend the following language revision to this section of the rule:

Provide to the ~~Company~~commission the independent evaluator’s minutes of meetings and the full text of written communications between the independent evaluator and the utility and any third-party related to the independent evaluator’s execution of its duties; [...]

WAC 480-107-035 -- Project ranking procedure

We have identified another issue that we raised in our June 29 comments that has carried over to the current draft rules: WAC 480-107-035(2) appears to have omitted the consideration of the environmental effects of emitting resources, and Renewable Northwest suggests the Commission reinstate that language:

At a minimum, the ranking criteria must recognize resource cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, credit and financial risks to the utility, the risks imposed on ratepayers, public policies regarding resource preference, and requirements adopted by Washington state or the federal government and environmental effects including those associated with resources that emit carbon dioxide.

This acknowledgement of the negative externalities of emitting resource procurements brings these rules into agreement with CETA requirements for resource planning, ensuring the goals of the statute are prioritized through resource procurement.

B. Responses to the Notice

1. Draft rule WAC 480-107-007 defines repowering. Is the definition clear and do the rules succeed in assuring that a utility's decision to rebuild generation it owns is evaluated on an equal basis with other alternatives available in the market?

Renewable Northwest appreciates the draft rules' inclusion of a definition for repowering. Overall, the definition is clear. However, we support Climate Solutions' suggested language removing the requirement that a repowered project be "reaching the end of its useful life." Narrowly defining repowering in that way could have the perverse effect of allowing a utility to avoid the additional scrutiny of an independent evaluator ("IE") by bidding into an RFP a "rebuild or refurbishment" of a utility-owned project that is not "reaching the end of its useful life."

Also on the topic of "assuring that" a utility-owned project "is evaluated on an equal basis with other alternatives available in the market," we recommend that the Commission offer additional clarification regarding when an IE is required for RFPs that allow bids for build-transfer project ("BTAs"). Draft WAC 480-107-023 requires an IE if "[t]he utility, its subsidiary, or affiliate participates in the utility's RFP bidding process, which may result in the utility owning or having a purchase option in the resource over its expected useful life." Draft WAC 480-107-024 provides that "[t]he utility, its subsidiary, or affiliate may participate in the utility's RFP bidding process **and the utility may accept bids that will result in the utility owning or having a purchase option in the resource over its expected useful life**" (emphasis added) and, if so, "[t]he solicitation and bidding process of the RFP will be subject to additional scrutiny by the commission and an independent evaluator."

The language of draft WAC 480-107-023 would not seem to include BTA bids by independent power producers, but the bolded language of draft WAC 480-107-024 would seem to include

BTA bids by independent power producers as among the circumstances that require IE oversight. We recommend that the Commission clarify this rule language, and specifically recommend that the Commission clearly require IE oversight in any RFP that allows for eventual utility ownership including via BTA. This additional oversight may help avoid bidder and stakeholder perceptions of utility capital bias in resource procurement.

2. Draft rule WAC 480-107-010(1)(b) requires a utility to issue an RFP if “the utility’s two-year IRP update demonstrates a new or unfilled resource need of 80 MW compared to the utility’s most recently filed IRP.” Please provide comments on whether you support or oppose this provision and why?

Renewable Northwest appreciates the requirement that a utility issue an RFP based on a resource need identified in a two-year IRP update. However, we would prefer the threshold for issuance of an RFP be a 50 MW need rather than an 80 MW need. As noted in previous rounds of comments, 50 MW represents a reasonable threshold at which the potential impact of a resource on a utility’s system and rates merits the additional expense of a competitive solicitation, and in fact the costs of the solicitation may well be outweighed by the reduced costs of a resource procured at the end of a competitive process.

III. CONCLUSION

As we wrote in June, Renewable Northwest again thanks the Commission and Commission Staff for their work to ensure that electricity purchasing processes in Washington are equitable and transparent, and that they instill market confidence that ultimately supports Washington’s utility customers and decarbonization goals. We look forward to continued engagement in this Rulemaking and the remainder of the CETA implementation process.

Respectfully submitted this 14th day of September, 2020,

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