

**October 6, 2014 Comment Summary and Staff Responses**  
**Energy Independence Act Rulemaking, Docket UE-131723**

Section	Commenter	Comment	Staff Response
<b>“Biomass energy”</b> WAC 480-109-060(2)(b)(ii)	Avista	“Old growth forests” are not defined in the rule. Avista wants to use qualifying biomass for 2016 compliance. Avista suggests the Commission should hold a workshop on this issue so that a definition may be included in the rules by mid-2015.	Staff agrees that this is a complex issue best resolved after the current rulemaking process.
<b>“Distributed generation”</b> WAC 480-109-060 (10)	Puget Sound Energy (PSE)	Restore the definition of “distributed generation” used in RCW 19.285.030(11).	Reject PSE’s suggestion. This clarification should be retained because it restricts the use of the distributed generation multiplier to appropriate situations and is consistent with the Department of Commerce’s proposed rule.
<b>“Pro rata”</b> WAC 480-109-060(18)	PSE and Pacific Power	Restore the existing WAC definition of “pro rata.” The proposed definition is inconsistent with the methodologies used by the Council in development of the 6 <sup>th</sup> Power Plan, and does not recognize the differences in availability of resource potential within the forecast period, the rate at which emerging technologies become available in the market, or the barriers to ramping up in hard-to-reach markets. (PSE and Pacific Power)  WAC 480-109-100(3)(b): add: “each utility must fully document how it prorated its ten-year potential to determine the minimum level for its biennial conservation target.” (Pacific Power)	Staff disagrees with PSE’s and Pacific Power’s suggestion. The Council determines the cost-effective achievable conservation potential in the region, but does not establish any binding targets for acquisition. The proposed language is consistent with the plain meaning of the term “pro rata,” and with the implementation of the rules promulgated by Department of Commerce for consumer-owned utilities subject to the Energy Independence Act. The existing rule language was developed to account for the fact that it could be difficult for utilities to ramp up conservation acquisition to the levels required by the Act. Now that the “ramp up” phase is complete, and the programs are more mature, the

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			flexibility provided by the existing rule is no longer appropriate.
<b>“Pursue all”</b> WAC 480-109-060(20)	PSE	Remove definition of “pursue all.” RCW 19.285.040 clearly describes what utilities are required to do to demonstrate that they are pursuing all conservation. This definition redefines those requirements.	Staff believes that the proposed language is consistent with the statute, as described in the memo from Steve Smith dated March 21, 2014.
	Public Counsel	Public Counsel does not believe the current proposed definition, in combination with WAC 480-109-100(1), establishes a separate requirement outside of the biennial conservation target.	Staff appreciates Public Counsel’s support of the proposed language.
<b>Co-firing</b> WAC 480-109-060(24)(i)	Northwest Energy Coalition (NVEC)	Remove co-firing. Co-firing is a process, not a resource.	Staff rejects this suggestion. While it is true that co-firing is technically a process, the term co-firing is an integral part of the statute which defines this type of renewable resource.
<b>Single large facility</b> WAC 480-109-060(27)	PSE	Restore definition in RCW 19.285.040(1)(c)(ii). To add clarity, PSE proposes adding: “...premises of a single customer <u>who participated in a utility conservation program</u> and whose annual...”	Staff agrees with this suggestion.
<b>“Transmission voltage”</b> WAC 480-109-060(30)	PSE and Pacific Power	Remove definition of “transmission voltage.” This definition may be inconsistent with classification of transmission voltage used for FERC rates. PSE classifies transmission voltage as 55kV and above.	This term is used, but not defined in statute. This definition is intended to apply only to qualified biomass facilities. To reflect this limited application, the definition will be moved into WAC 480-109-200(8).
<b>Process for pursuing all conservation – Identify potential</b> WAC 480-109-100(1)(a)(i)	Pacific Power	Replace “potential of possible technologies and conservation programs and measures” with “conservation potential.” (Pacific Power)	Staff is looking into the implications of using shorthand terminology in the rule. This requires further investigation.
<b>Process for pursuing all conservation – Develop portfolio</b> WAC 480-109-100(1)(a)(ii)	NVEC	Add a sentence or clause saying the utility would need to provide supporting materials or documentation to demonstrate that no cost-effective, reliable and feasible conservation was available from one of the sources listed.	Staff disagrees that the rule should require documentation to be filed with the Commission. Staff believes that WAC 480-109-110(1)(d) appropriately requires utilities to initiate a discussion with and provide supporting evidence to

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			their advisory groups when certain types of conservation are not available.
<b>Process for pursuing all conservation – emerging conservation technologies</b> WAC 480-109-100(1)(a)	PSE	(a)(iv) The term “emerging” is misleading. Remove “a utility must research emerging conservation technologies, and assess the potential...” The proposed language is ambiguous and may lead to misinterpretations and stakeholder disagreements. For example, PSE is unclear whether this research would be required in the IRP or as a part of the conservation process.	Staff recommends keeping this provision in the rule, and adding clarifying language in areas. To provide clarity, we plan to include the following definition of emerging technologies in the adoption order: “Emerging technologies are those technologies that are commercially available but are not widely deployed or face non-technical barriers to market penetration.” Staff also recommends clarifying that research on emerging technologies should occur as a part of the conservation process, addressing PSE’s concern that the rule not add to IRP requirements.
<b>Pilots</b> WAC 480-109-100(1)(c)	PSE	The proposed language is ambiguous. PSE proposes: “A utility may implement pilot projects when they are expected to produce cost-effective savings within the current or immediately subsequent biennium, as long as the overall portfolio remains cost-effective.”	Staff agrees that specifying the timeframe is useful. Staff also agrees that there may be circumstances where a pilot is available and cost-effective but that a company may have good reasons for not implementing it. For this reason, the proposed language states that “A utility must implement pilot projects <i>when appropriate...</i> ” (emphasis added). Staff believes the phrase “when appropriate” gives utilities flexibility to determine, with their advisory groups, when it is appropriate to pursue pilot programs.

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<b>Conservation potential</b> WAC 480-109-100(2)(b)	PSE	(2)(b) Add: “, <u>meaning specifically that utilities must utilize the following approach in developing the potential: (i) Technical Potential: An estimate of the amount of conservation potential available without regard to market barriers; (ii) Achievable Potential: The subset of Technical Potential the utility could expect to achieve given market barriers; (iii) Economic Potential: The subset of Technical Potential that is cost effective. (iv) Avoided energy portfolio costs must reflect the 10% credit from the Northwest Power Act.</u> (PSE)	Staff needs more time to investigate PSE’s proposed language and review it for consistency with the Northwest Power Act.
<b>Conservation potential</b> WAC 480-109-100(2)(c)	PSE and Pacific Power	<ul style="list-style-type: none"> <li>Remove “its unit energy savings value, and the source of that value.” UES values are documented in individual measure workbooks and are available when requested. Providing this information in the report will result in addition of hundreds of pages. UES values may not transfer easily from the CPA to program savings values because program savings are impacted by program delivery mechanisms. (PSE)</li> <li>Revise: “the projection must include a list of each measure <u>category</u> used in the potential, <del>its unit energy savings value</del>, and the source of that value.” (Pacific Power)</li> </ul>	Staff believes it is necessary for utilities to file a list of unit energy savings with their conservation potential analyses. It is important information for stakeholders to review during the biennial conservation target setting process, and it should be filed as part of the biennial conservation plan.
<b>Biennial conservation target</b> WAC 480-109-100(3)	NWEC	(a) & (b) should reference <u>cost-effective</u> conservation.	Staff is looking into the implications of using shorthand terminology in the rule. This requires more investigation.
<b>Excess Conservation</b> WAC 480-109-100(3)(c)	PSE  NWEC	<ul style="list-style-type: none"> <li>(c): The proposed language is inconsistent with the RCW. Use the language in RCW 19.285.040(1)(c)(i). (PSE)</li> <li>(c) should say “biennia” instead of “biennium.” (NWEC)</li> <li>This language provides appropriate guidance as to the use of excess conservation. We believe that the legislative intent was for excess conservation to be used to mitigate a shortfall in future biennial periods. (NWEC)</li> <li>(i) &amp; (ii) should be written the same. (i) “each of the subsequent two” vs. (ii) “each of the immediate two subsequent....” (NWEC)</li> </ul>	Staff disagrees with PSE’s comment that the proposed language is inconsistent with the statute. The proposed language allows for excess conservation to be used toward meeting targets, but specifies that it may not be used to adjust potential or targets. Staff believes this is consistent with the intent of the statute. Staff agrees with NWEC’s proposed changes to specify the time period.
<b>Prudence</b> WAC 480-109-100(4)	PSE	Replace with: “A utility must demonstrate the prudence and cost-effectiveness of its conservation programs to the Commission after the savings are achieved.” This is an inaccurate citation to RCW 19.285.050(2), which says: “an investor-owned utility is entitled to recover all prudently incurred costs associated with compliance with this chapter.”	We decline to adopt this language because it implies that the Commission reviews prudence and cost-effectiveness only after the savings are achieved. We prefer to continue our current practice

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			of ongoing review through conservation advisory groups before, during and subsequent to conservation achievement. To address PSE’s concern that the EIA does not require an ongoing review process, we propose to modify “as required by RCW 19.285.050(2)” to “consistent with RCW 19.285.050(2).”
<b>Energy savings</b> WAC 480-109-100(5)	Public Counsel  PSE  Pacific Power	<ul style="list-style-type: none"> <li>“By commission order” may cause confusion or create new burdensome processes. Revise: “...by the regional technical forum, <del>except as provided in this subsection, or by commission order. The commission will consider a unit energy savings value or protocol that is</del> <u>If a utility utilizes unit energy savings values or protocols other than those established by the regional technical forum such values or protocols must be:</u>” (Public Counsel)</li> <li>Revise to match PSE’S conditions in (6)(b) and (6)(c) in attachment A of Order 01, Docket UE-132043. The proposed language implies that companies will need to seek approval from their advisory groups to implement new measures after the plan and target have been approved. (PSE)</li> <li>Add “When making changes or proposing new measures,” and “<u>standard protocol savings estimation methodologies approved... or provide an explanation for why not.</u>” (Pacific Power)</li> <li>(5)(b) Replace “for this” with “or” (Pacific Power)</li> </ul>	Staff agrees with Public Counsel and PSE’s recommendation to remove the requirement for a commission order approving each unit energy savings value. Staff recommends reverting to the version of this section in the August 2014 draft rules, which does not mention “by Commission Order.”  Staff believes the change proposed above addresses Pacific Power’s desire for more flexibility.
<b>High efficiency cogeneration</b> WAC 480-109-100(6)	PSE NWEAC	<ul style="list-style-type: none"> <li>Replace “certified” with “verified” by a professional engineer. (PSE)</li> <li>This should include the statutory language stating that high-efficiency cogeneration shall be “counted towards meeting the biennial conservation target in the same manner as other conservation savings.” (RCW 19.285.040(1)(c)(ii)) (NWEAC)</li> </ul>	Modify to reflect Washington Dept. of Licensing rule that states final documents from a Professional Engineer will contain a seal/stamp, signature and date of signature. WAC 196-23-020(1).  Include language as suggested by NWEAC from statute into rule.
<b>Cost-effectiveness evaluation and Low-income programs</b>	ICNU	Add: “ <u>costs included in the portfolio level analysis include conservation-related administrative costs.</u> ” Admin costs will be incurred if the proposed rule is adopted.	Staff agrees with ICNU’s suggestion.

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WAC 480-109-100(8)(a)	Pacific Power	Remove “except low-income conservation programs.”	Staff believes that the phrase Pacific Power recommends deleting could be clarified by modifying it to read “...except programs described in WAC 480-109-100(8)(b).”
<b>Cost-effectiveness evaluation of Low-income programs</b> WAC 480-109-100(8)(b)	Pacific Power	<ul style="list-style-type: none"> <li>(8)(b): Delete entire subsection and subparts. Until the ramifications of this proposed change have been reviewed, it is prudent to continue to apply the same cost-effectiveness tests to all programs. It isn’t possible to use this screening for measures within the CPA and IRP planning phases. Some measures might be cost-effective if installed in a low-income home, but not in a non-low-income home. (Pacific Power)</li> <li>(8)(b)(i) Requires a utility to evaluate low-income conservation programs using the SIR or the Council’s method. This suggests that a utility has the choice between the two methodologies. (Pacific Power)</li> </ul>	Staff is in the process of reviewing comments regarding the rule’s treatment of low-income programs. We need more time to complete our investigation before making any recommendations.
	PSE	<ul style="list-style-type: none"> <li>The proposed language would add layers of review and processing, and increase the administrative costs to the low-income program: <ol style="list-style-type: none"> <li>It would require an entirely new tracking and reporting system, cause the agency to have to track two sets of data.</li> <li>Commerce already verifies the application of the SIR model. Requiring utilities to perform the test is redundant.</li> <li>If the agencies were required to perform TREAT modeling for each project, the cost-effectiveness of the program would be at risk.</li> </ol> </li> <li>(8)(b)(i) Replace with: “(i) A utility must base its low-income program cost-effectiveness reporting on data provided by low-income agencies. This data may be based on the SIR method for priority matrix measures and measures recommended by TREAT models.”</li> </ul>	
	NWEC	The rules should clarify that utilities should use the most current weatherization manual for the SIR. The treatment of low-income programs is appropriate, and the emphasis on cost-effectiveness at the portfolio level is consistent with the “bundled” measure approach, and provides appropriate benefits to customers.	
	Energy Project	<ul style="list-style-type: none"> <li>Should refer to the <i>Weatherization Manual</i> (title has been shortened), and include this in the adoption by reference section (WAC 480-109-999). This includes the “priority list of weatherization measures. (Energy Project)</li> <li>The SIR calculation fails to recognize all of the benefits that accrue from the work while counting all the repair costs (life of the structure, health of occupants) (Energy Project)</li> </ul>	The Energy Project will have additional comments at the adoption hearing.

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<b>Incentives</b> WAC 480-109-100(9)	NWEC	Biennial conservation plan proceedings are comprehensive and an appropriate place for a discussion of the merits and impacts of a utility incentive.	Staff appreciates this feedback.
<b>Conservation advisory groups</b> WAC 480-109-110(1)	PSE	<ul style="list-style-type: none"> <li>• (1)(c) Replace “evaluation” with “review.”</li> <li>• (1)(d) &amp; (f) clarify that Advisory Group members “may” participate and review, if they elect to.</li> </ul>	Reject PSE’s suggestion to change “evaluation” to the less rigorous term “review,” which would weaken the requirement. It is appropriate for advisory groups to determine what level of rigor is satisfactory for the biennial evaluation of conservation achievement. Staff appreciates the comment regarding WAC 480-109-100(1)(d) and (f) that both conservation and IRP advisory groups have a role in conservation potential assessments and developing supply curves, but rejects PSE’s proposed language. The conservation conditions lists for the current biennium include a requirement for each utility to engage its conservation advisory group on the development of the conservation potential assessment within the IRP. Staff believes it is appropriate to maintain such a requirement.
<b>Conservation advisory groups - meetings</b> WAC 480-109-110(2)	NWEC	The meetings can be either in-person or telephonic.	Staff believes that the proposed rule is inclusive of telephonic or electronic meetings, and no change is needed.
<b>Advance notification of filings</b> WAC 480-109-110(3)	PSE NWEC	<ul style="list-style-type: none"> <li>• Replace with: “Except as provided in WAC 480-109-120 (reporting), and with the exception of conservation recovery filings, a utility will provide its advisory group an electronic copy of all conservation-related tariff filings that the utility intends to submit to the Commission at least two months prior to the requested effective date. When extraordinary circumstances dictate, a utility may provide its advisory group with a copy of the filing concurrent with the Commission filing.” (PSE)</li> </ul>	Staff acknowledges the concern raised by PSE and NWEC about extraordinary circumstances, but rejects the suggested language because a utility may petition the Commission for an exception from the rule in extraordinary circumstances.

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		<ul style="list-style-type: none"> <li>It seems appropriate to provide the utilities an exemption from this requirement under certain circumstances (i.e. when speed is essential). (NWECC)</li> </ul>	Staff agrees with PSE that this section should be revised to reflect the unique filing requirements of conservation recovery filings.
<b>Conservation advisory groups – advance notification of meetings</b> WAC 480-109-110(4)	PSE	“Public meetings” is too vague. Replace with: “A utility will notify its conservation advisory group of public meetings that the utility schedules to discuss the development of its conservation potential assessment or integrated resource plan.”	Staff rejects PSE’s suggested language in WAC 480-109-100(4). It is appropriate for each utility to notify its advisory group of meetings held by the utility, and Commission open meetings regarding the utility’s conservation programs.
<b>Biennial conservation plan</b> WAC 480-109-120	PSE	(1)(b)(i): replace “achievable” with “economic cost-effective.”	Staff is looking into the implications of using shorthand terminology in the rule. This requires more investigation
		(1)(b)(iv): replace “description” with “summary overview.”	Staff rejects PSE’s suggestion to change “description” to the less rigorous term “summary overview,” which would weaken the requirement.
		(1)(b)(vi)(B): Add “Where individually identifiable,”	Staff disagrees with PSE’s proposed language for WAC 480-100-120(1)(b)(vi)(B), and believes each utility should discuss the granularity of EM&V budgets with its advisory group.
<b>Biennial conservation plan – new programs</b> WAC 480-109-120	Public Counsel	The proposed rule does not include any specific requirement in the event a utility establishes new programs mid-biennium. The utility should provide the program details to the advisory group and allow for review and comment. This is part of the 2014-15 conditions, and it should be included in the rule.	Staff agrees that a utility should present new programs to its advisory group, and recommends adding this requirement to a new section, WAC 480-109-110(1)(I), “Development and implementation of new programs.” Staff disagrees with Public Counsel’s proposal to require utilities to file an update or addendum with the Commission for all changes. If the advisory group has the opportunity



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			to review new programs, it is not necessary for the company to file every change with the Commission. For major program additions, an addendum or update may be appropriate, but should not be required by rule.
<b>Annual conservation report</b> WAC 480-109-120(3)(b)	PSE	(3)(b)(ii): Replace “description” with “ <i>high-level discussion</i> of the <i>key sources of variance</i> between the planned and actual savings” A description of “any” variance will increase the administrative burden on program staff.	Staff rejects PSE’s suggestion to change “description” to the less rigorous term “high-level discussion,” which would weaken the requirement. Staff accepts PSE’s suggestion to change “source of any variance” to “key sources of variance.” Annual conservation reports should explain the reasons for substantive variations, not list every potential cause of variation.
		(3)(b)(iv): replace “evaluation” with “reporting”	Staff rejects PSE’s suggestion to change “evaluation” to the less rigorous term “report,” which would weaken the requirement. It is appropriate for advisory groups to determine what level of rigor is satisfactory for the biennial evaluation of conservation achievement.
<b>Annual conservation report</b> WAC 480-109-120(3)(c)	PSE	(3)(c): remove requirement to file with the Department of Commerce. Reports are “provided to” rather than filed with Commerce. Replace with: “A utility must file a conservation report with the commission in the same docket as its current biennial conservation plan.”	Staff appreciates the need for clarity regarding utilities’ requirement to submit the report to the Department of Commerce in WAC 194-37-060. Although that rule specifically applies to consumer-owned utilities, it is within the Commission’s authority to require the investor-owned utilities to also file that report with the Department of Commerce. Therefore, we will revise

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			this section to explicitly require investor-owned utilities to fill out Commerce’s report spreadsheet, consistent with current practice.
<b>Biennial conservation report</b> WAC 480-109-120(4)(b)	PSE  NWECC	<ul style="list-style-type: none"> <li>• (4)(b)(v): Replace “evaluation” with “review,” and add “as deemed necessary by a utility’s advisory group. (PSE)</li> <li>• Make the language in sections 480-109-120(3)(b)(iv) and 480-109-120(4)(b)(iv) consistent. (PSE)</li> <li>• This language is appropriate. (NWECC)</li> </ul>	Reject PSE’s suggestion to change “evaluation” to the less rigorous term “review,” which would weaken the requirement. Staff believes the third-party evaluations provide valuable information; and that the advisory group should discuss the scope of the evaluation, but not whether or not it should occur.
<b>Publication of reports</b> WAC 480-109-120(6) See also 480-109-200(4)	PSE	<ul style="list-style-type: none"> <li>• The plans contain confidential and sensitive data. The proposed requirement could result in a reduction of the amount of detail provided to the CRAG.</li> <li>• Replace with: “A summary of the last two conservation plans and conservation accomplishment reports required in this section must be posted and maintained on the utility’s web site.”</li> </ul>	Staff discussed this concern with PSE and clarified that only the text of the final report, and not supporting workpapers containing confidential information, must be posted to the utility’s website. Staff appreciates PSE’s suggestion to provide a summary of the last two conservation plans and reports, and is considering accepting PSE’s offer to do so. Staff agrees with PSE that a timeframe for reports should be specified. Therefore, Staff proposes changing the language of WAC 480-109-120(6) to, “All current and historical plans and reports required by RCW 19.285 since January 1, 2010 must be posted and maintained on the utility’s web site within 30 days of commission acknowledgment of the

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			<p>plan or order approving the report and a copy of any such report must be provided to any person upon request.”</p>
<p><b>Conservation recovery adjustment</b> WAC 480-109-130(1)</p>	<p>PSE</p>	<ul style="list-style-type: none"> <li>This rule needs to work in conjunction with RCW 80.28.303. Not sure how this proposed rule would coexist with existing settlement agreements. Revise to say: “Utilities must file with the commission for recovery of all expected conservation costs and other approved costs and amortization of deferred balances. A utility may include its conservation recovery procedures in its tariff, or other rate recovery mechanisms as allowed in RCW 80.28.303 <i>et. seq.</i>”</li> </ul>	<p>Staff accepts the addition of the word "all" before expected conservation costs, and rejects the remaining changes suggested by PSE for the following reasons. The proposed rule is consistent with RCW 80.28.303(5) which allows the commission to adopt "any other policies or programs intended to encourage utility investment in improving efficiency." Staff rejects the suggestion to change “must” to “may” because that would remove the need for the rule in the first place. Staff rejects the automatic inclusion of "other approved costs." If other accounting petitions exist that allow cost recovery through the conservation tariff rider, the company may petition to amend them to refer to this rule.</p> <p>The proposed rule is modeled after the commission's purchased gas adjustment rule WAC 480-90-233, which requires the inclusion of procedures within the tariff. This is appropriate for conservation costs.</p> <p>The proposed rule will supersede any existing settlements or commission orders on accounting petitions unless</p>

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			the commission's order adopting the rule specified otherwise. Staff does not recommend such an approach.
<b>Conservation recovery adjustment</b> WAC 480-109-130(3)	PSE	<ul style="list-style-type: none"> <li>(3) Replace second sentence with: "Utilities shall base conservation recovery rates on forward-looking budgeted conservation program costs for the future year with a subsequent true-up to recover only actual program costs of the prior year. Utilities must also include the effects of variations in actual sales on recovery of conservation costs in the prior year"</li> </ul>	<p>Staff accepts PSE's addition of "forward-looking" before budgeted conservation, and accepts the substitution of "programs" for "measures" in both places in the same sentence. This has the effect of allowing PSE to recover direct administrative costs within the tariff, which is appropriate. Indirect costs should continue to be recovered through general rates.</p> <p>Staff rejects the "subsequent true-up" language as inconsistent with the existing rule approach in WAC 480-90-233.</p>
<b>Renewable portfolio standard</b> WAC 480-109-200	PSE	Replace "portfolio standard" with "renewable resource" or "renewable energy target" throughout.	Staff rejects this suggestion. "Renewable Portfolio Standard" is an industry-standard term that will clearly communicate the rule's purpose to the general public and out-of-state parties.
<b>WREGIS registration</b> WAC 480-109-200(3)	Avista Chelan PUD NVEC Renewable Northwest (RN)	<ul style="list-style-type: none"> <li>This requirement will disqualify a significant amount (15,000+ MWh) of qualifying renewable energy to the detriment of customers. Revise to clarify that all eligible generation owned by IOUs must be registered in WREGIS, and state that the Commission-regulated utility shall (a) encourage such non-Commission regulated entity to register its facilities in WREGIS. When unsuccessful, the IOU shall (b) provide documentation provided by the non-Commission regulated utility to the State Auditor and a written certification by an executive officer attesting to the fact that such eligible resources were used for compliance with the Act and are not be used for compliance by another entity. (Avista)</li> <li>This requirement is appropriate and provides consistency with other resources. (RN/NVEC)</li> </ul>	Staff is sensitive to these concerns and aware of the challenges that this rule would create for investor-owned utilities that purchase eligible resources from publicly owned utilities. However, Staff believes that there is a compelling public interest in ensuring that resources are not being double counted, and that the law's intent is for WREGIS provide that service. Staff believes the

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			interest in preventing double counting justifies the administrative challenges that will result.
<b>Publication of reports</b> WAC 480-109-200(4)	RN/NWEC	This language is consistent with the Commission’s decision on multiplier-REC bifurcation.	Staff appreciates this feedback.
<b>Incremental Hydro</b> WAC 480-109-200(7)	Chelan PUD	WREGIS requires that generation be reported on a monthly basis for each generating unit, within 75 days of the period of generation. There is a way to do a “prior period adjustment.” Agencies that review a utility’s usage of Method 1 should do so on a timeline that will ensure that the utility can use the incremental hydro for compliance.	Staff believes that the lag time in final RPS compliance (18 months after the end of each target year) and the ability in WREGIS to adjust previously reported monthly generation for up to two years provide ample flexibility. These windows are large enough for Staff to work with any utility using Method 1 to ensure that any administrative issues are addressed.
<b>Incremental Hydro</b> WAC 480-109-200(7)	Chelan PUD	(b)(ii) and (c)(ii) Remove “river discharge of each year in the historical period for” to accommodate Chelan PUD’s method. Entities using method 2 could follow the standard WREGIS operating guidelines for reporting generation, as the % factor would be known in advance.	Staff does not see a conflict between its proposed language and Chelan’s methodology; Staff’s language calls for an average river discharge calculated over a period of “at least five years;” this language would not preclude Chelan’s use of all available years.
<b>Incremental Hydro: Method 2</b> WAC 480-109-200(7)(b)	Pacific Power NWEC	<ul style="list-style-type: none"> <li>• PAC supports the use of a five-year historical period for method 2. (Pacific Power)</li> <li>• (iv) should say, “calculating...” and (v) should say, “multiplying...” (NWEC)</li> </ul>	Staff appreciates Pacific Power’s support and NWEC’s grammatical correction.
<b>Incremental Hydro: Method 3</b> WAC 480-109-200(7)(c)	Avista	Remove reference to Method 3 as a pilot method. Method 3 provides a valid estimate of expected benefits from hydro upgrades over time, and more certainty about the amount of energy to include in the reports. If the 2017 reporting period provides evidence that Method 3 is not providing a fair valuation of hydro upgrades, then the Commission can take up the issue at that time. (Avista)	Staff appreciates Avista’s thorough analysis of this issue and the information provided in the company’s comments. This is the type of analysis that Staff believes will be an important component of the 2017 look-back that the Commission has previously ordered. Staff believes that policy issues regarding Method 3 will need to be

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			addressed in the future, and that the 2017 look-back will provide the forum for that investigation to take place.
<b>RPS reporting</b> WAC 480-109-210(1)	RN /NWECC	Clarify that the annual report details the resources that utilities acquired or contracted to acquire by January 1 of that same target year.	Staff recognizes this concern and will provide clarity in the rule or adoption order.
<b>Incremental cost calculation – one-time component</b> WAC 480-109-210(2)(a)(i)	Renewable Northwest	The proposed rule includes integration costs for the eligible resource, but not the noneligible resource.	Staff does not agree with RN’s comment regarding integration costs. Integration costs as defined by Staff do not generally affect nonrenewable resources. RN’s comment appears to contemplate the incorporation of ancillary services into the incremental cost calculation. Staff does not believe that the literature supporting the cost of ancillary services for noneligible resources is sufficiently developed, thus it is not ripe for inclusion in rule at this time.
<b>Incremental cost calculation – one-time component</b> WAC 480-109-210(2)(a)(i)	Renewable Northwest	Renewable Northwest (RN) suggests that the rule instead require utilities to use an effective load carrying capacity methodology, a less volatile and more reliable method for calculating capacity contributions. (a)(i)(B) <b>Capacity.</b> Calculate the capacity credit for each eligible resource by <u>multiplying the resource’s nameplate capacity by its percentage capacity value, which must be determined by modeling the eligible resource’s output, in megawatts, at the time of the utility’s annual system peak or accurately approximating the resource or resource type’s effective load carrying capability.</u>	Staff supports this change, and Pacific Power adopted RN’s suggestion in its 2015 IRP. We may also add language to the adoption order supporting the use of the effective load carrying capacity methodology.
<b>Incremental cost calculation – one-time component</b> WAC 480-109-210(2)(a)(i)	ICNU	(2)(a)(i)(A): add: “including integration costs <u>calculated consistently with its IRP, including its wind integration study..</u> ” (ICNU)	Staff accepts ICNU’s proposed clarification.
	Avista	(2)(a)(i)(E) The latest IRP may be 3 years old, and may not reflect the lowest-cost non-eligible resource. (i.e. fluctuations in natural gas and wind prices.) Add: “Or where cost information in the IRP is no longer substantially representative of the lowest-cost, non-eligible capacity resource, provide detailed documentation of the costs used, and why the figures are superior to those contained in the latest IRP.” (Avista)	Staff agrees with Avista’s suggestion and will update the rule to provide the requested flexibility.

Section	Commenter	Comment	Staff Response
	PSE	PSE has communicated to staff that it will rescind its Oct. 6 comments on this section.	
	Pacific Power	<ul style="list-style-type: none"> <li>It is unclear what action, if any, will need to be taken in order to update the incremental cost calculation if the underlying inputs change? (Pacific Power)</li> <li>(2)(a)(i)(E): If the eligible resource is a PPA, the rule should be clear that the life of the facility should be set equal to the term of the PPA. (Pacific Power)</li> </ul>	Staff declines Pacific Power's first suggestion because the one-time nature of the basic incremental cost calculation means that underlying inputs do not change. Staff agrees with Pacific Power's second suggestion and will update the rule accordingly.
<b>Incremental cost calculation</b> WAC 480-109-210(2)(a)(i)	Avista	Add: (G) Pre-Act Qualifying Resources. Any qualifying resources acquired or committed to prior to November 2006 shall be attributed a cost of zero in the incremental cost calculation.	Staff acknowledges Avista's concern. However, staff believes that a cutoff date of March 31, 1999 should be used for calculating incremental costs. This is the date used in statute to determine whether a resource is eligible for EIA compliance. While utilities may have acquired certain incremental hydro resources independent of the EIA, those resources are a major component of EIA compliance in Washington, and staff believes that an accurate accounting of EIA compliance costs must include the resources used for compliance. Furthermore, setting the cutoff date in 1999 means that a utility using qualified biomass facilities will not need to calculate an incremental cost for those facilities, which are likely to be significantly depreciated. Identifying noneligible resource costs from older resources would also likely be a significant challenge.
<b>Incremental cost calculation</b> WAC 480-109-210(2)(a)(i)	Renewable Northwest	<ul style="list-style-type: none"> <li>(a)(i)(F) should include a sentence stating that the end result of this calculation may be a negative number. (RNP/NWEC)</li> </ul>	Staff agrees with RNP/NWEC's clarifying suggestion.

Section	Commenter	Comment	Staff Response
	NWEC	<ul style="list-style-type: none"> <li>The proposed rule should provide for accounting of fuel price risk. (RNP)</li> </ul>	RNP's suggestion about fuel price risk may be appropriate in a future proceeding, but Staff believes that such an addition is not ripe for inclusion in the current rule.
<b>Annual calculation of revenue requirement</b> WAC 480-109-210(2)(a)(ii)	Avista Snohomish PUD	<ul style="list-style-type: none"> <li>This calculation double-counts the energy value, as energy sales already are subtracted from each eligible resource's cost in 480-109-210(2)(a)(i)(F). (Avista and SnoPUD)</li> <li>Add: (C) "capacity and" energy. Replace: (D) <i>Add the pro-rated non-eligible levelized energy and capacity costs calculated in (a)(i)(C) and (a)(i)(D); and</i>" (Avista)</li> <li>(C) "Subtract the revenue from the sales of any renewable energy credits and/or any revenue from the sale of non-power attributes associated with energy from eligible facilities; and" (SnoPUD)</li> </ul>	Staff disagrees with this interpretation of the rule. There is nothing in 480-109-210(2)(a)(i)(F) that contemplates REC or energy sales.
<b>Alternative compliance</b> WAC 480-109-210(2)(b) WAC 480-109-220	NWEC Renewable Northwest	<ul style="list-style-type: none"> <li>Revise: "...other information in its report to demonstrate that it qualifies to use <del>that the</del> <u>alternative compliance mechanism in WAC 480-109-220(1) or (3).</u>" (NWEC)</li> <li>This clarifies that the alternative compliance mechanisms may be used to lessen, but not eliminate the requirement to deliver renewable energy and/or retire RECs on behalf of customers. (RN)</li> </ul>	Staff agrees with the premise, but does not believe that this clarification is necessary. The Commission inserted the word "fully" into sections 201(2)(b) and 220 to communicate this point.
<b>Eligible resources</b> WAC 480-109-210(2)(d)	PSE	Delete section. The purpose of the annual report is to report of what resources the utility used to comply in a past target year. It is not necessary to list all eligible renewable resources. Major resources will go through the ratemaking process first before they are used for compliance.	Staff disagrees. Staff incorporated this requirement after PSE failed to report all of its eligible resources for two years in a row. This requirement will aid utilities and staff in assuring that all eligible resources have been accounted for in the utility's filing.
<b>Multistate allocations</b> WAC 480-109-210(2)(e)	NWEC/RN	NWEC and RN support. Ideally, this provision could also direct the utility to ensure that any fuel mix disclosure in the impacted states reflects the proper allocation of the eligible renewable resource based on cost allocation to each state.	Staff appreciates the feedback.
<b>Renewable Energy Credit Sales</b> WAC 480-109-210(2)(f)	PSE	Delete section. The law does not require that a utility disclose this proprietary and confidential information. The proceeds from REC sales are already handled through an accounting petition.	Staff disagrees with PSE's comment. Since REC sales are a factor in the incremental cost calculation, utilities need to report this number. Staff recommends that they do so confidentially. PSE's concerns about the



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			allocations of REC revenue are unrelated to this reporting requirement.
	Pacific Power	The requirements should specify that they only apply to the sales of RECs allocated to Washington. Reporting all REC sales would be a significant administrative burden.	Staff agrees with Pacific Power that this reporting requirement would only apply to Washington-allocated resources. The adoption order may provide additional clarity on this point.
<b>Report review</b> WAC 480-109-210(4) See also 480-109-120(6)	Avista	Limit the posting of historical reports on utility websites to ten years. (same with the conservation reports)	Staff rejects this comment; all historical RPS reports should be published on the web and available for public review.
<b>Energy and emissions intensity metrics</b> WAC 480-109-300	PSE Pacific Power Avista	<ul style="list-style-type: none"> <li>Delete section. This data is already available, and these reporting requirements are not specifically enumerated in RCW 19.285. The “unknown generation sources” section lacks any established methodology. There are no benchmarks against which to compare. What will happen with the data? (PSE)</li> <li>Delete section. This type of reporting is extensive for a multi-jurisdictional company. The company does not collect information about its customers on a per capita basis. This could require burdensome parsing of census data. It may be more efficient for the Commission to compile utility emissions data from each IOUs and determine its desired per capita metric. If per capita requirements remain in this rule providing the source for per capita calculations should be in rule. (Pacific Power)</li> <li>Emissions-related metrics (2)(d) &amp; (2)(e) warrant further discussion. The Commission should hold a workshop. (Avista)</li> </ul>	Staff rejects the requests to delete this section due to the need track progress toward meeting the objectives of the statute and Commission policy. The Dept. of Commerce calculates the average electric power CO <sub>2</sub> emissions rate for unknown generation sources, so there is no need to define their methodology in this rule. Staff believes that the reporting is not unduly burdensome, and the metrics are most efficiently calculated and reported by each utility. Per capita values can easily be calculated using public data sources. Each utility should use consistent population data sources that are representative over time.
	Pacific Power	(2)(a) and (b): If the Commission keeps this section, it should revise to: “average MWh per residential customer” and “average MWh per commercial customer.”	Staff accepts this recommendation to add clarity.
	NWEC	For clarity, revise the third sentence to “customers <u>of that utility</u> in Washington” (NWEC)	Staff accepts this recommendation to add clarity.
		Add MWh per industrial customer	Staff rejects this suggestion. Due to large historic swings in industrial loads,

Section	Commenter	Comment	Staff Response
			this is not a reliable long-term trend metric.
		(d) & (e): should these include <u>CO2 equivalent</u> emissions?	Staff rejects this suggestion. The difference between CO <sub>2</sub> emissions and CO <sub>2</sub> equivalent emissions for combustion technologies is not significant enough to impact trending data.
	RN & NWEAC	RN and NWEAC support measurement of emissions intensity in connection with I-937 filings.	Staff appreciates this comment