

Agenda Date: November 9, 2005
Item Numbers: C2 and C3

Dockets: UE-030311 and UG-030312

Subject: Rulemaking to Consider Changes to WAC 480-100-238, Least Cost Planning (Electric Companies) and WAC 480-90-238, Least Cost Planning (Gas Companies)

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Discussion

On April 15, 2003, the Commission filed Preproposal Statements of Inquiry, CR-101, with the Code Reviser, opening two rulemakings to consider possible changes to WAC 480-100-238 and WAC 480-90-238, rules relating to least cost planning (LCP) by electric and gas companies. As part of this rulemaking the Commission has conducted a comprehensive review of these rules to analyze: (1) whether the current rules provide the results that they were originally intended to achieve, (2) whether the rules are consistent with laws, with appropriate and lawful policies, and with the advances in technology in the electric and gas industries, and (3) some specific planning issues, such as risk and uncertainty, the role of demand management and of resource diversity, planning horizons and filing deadlines, rule process and enforcement issues, the relationship of least-cost plans to Commission review of specific generation, and appropriate uses of least-cost plans. On September 7, 2005, the Commission filed a Notice of Proposed Rulemaking (CR-102) with the Office of the Code Reviser proposing changes to WAC 480-100-238 and WAC 480-90-238.

The Commission held two stakeholder workshops, in June 2003 and June 2005, and solicited three rounds of written comments from stakeholders. The Commission received comments from Avista Utilities, Cascade Natural Gas, Climate Solutions, the

Cogeneration Coalition of Washington (CCW), the Department of Community Trade and Economic Development(CTED), Industrial Customers of Northwest Utilities (ICNU), the Natural Resources Defense Council, Northwest CHP Advocates, the Northwest Energy Coalition (NVEC), the Northwest Independent Power Producers Coalition (NIPPC), Northwest Natural Gas, PacifiCorp, Public Counsel, Puget Sound Energy, the Renewable Northwest Project, and Mr. Andy Silber. Stakeholders provided suggestions about several issues in the current language.

The rules proposed by the Commission on September 7, 2005, modify existing rules by:

- Changing the name of the rules from least cost planning to integrated resource planning;
- Incorporating a wider definition of risk that also takes into account the cost of risks associated with environmental effects including emissions of carbon dioxide;
- Requiring the utilities to assess a wide range of commercially available generating technologies and conservation instead of technically feasible generating technologies and conservation;
- Incorporating, in the case of WAC 480-100-238, the electric integrated resource planning rule, a requirement for transmission and distribution planning that is consistent with applicable laws. In the case of WAC 480-90-238, the gas integrated resource planning rule, the language requires an assessment of pipeline transmission capability and reliability and opportunities for additional pipeline transmission resources;
- Accommodating more options for the time horizon, substituting a minimum of 10 years or longer if appropriate to the life of the resources considered for the current 20-year provision;
- Requiring utilities to include a report on the utility's progress towards implementing the recommendations contained in its previously filed plan;
- Mandating the utilities to submit a plan within two years from the date on which the previous plan was filed with the commission and a work plan for informal commission review not later than twelve months prior to the due date of a plan. A letter from the Commission will not longer initiate the process; and
- Stating that consultations with commission staff and public participation are essential to the development of an effective plan.

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A summary of the comments received from stakeholders is included in Attachment A. The proposed rules with comments from stakeholder are included in Attachments B and C.

Attachment A

Attachment B

Attachment C