

## Attachment B

### Integrated Resource Planning Requirements for Natural Gas Utilities

**WAC 480-90-238 Integrated Resource Planning.** (1) Purpose. Each natural gas utility regulated by the commission has the responsibility to meet system demand with the least cost mix of natural gas supply and conservation. In furtherance of that responsibility, each natural gas utility must develop an "integrated resource plan".

(2) Definitions.

(a) "Integrated resource plan" or "plan" means a plan describing the mix of resources and strategies for purchasing, transporting, storing and delivering natural gas and conservation that will meet current and future needs at the lowest reasonable cost to the utility and its ratepayers.

#### **PSE**

"(a) "Integrated resource plan" or "plan" means a plan describing the mix of ~~resources and strategies for purchasing, transporting, storing and delivering~~ natural gas supply and conservation that will is designed to meet current and future needs at the lowest reasonable cost to the utility and its ratepayers.

*Rationale:* (1) "Gas supply is a more concise way of capturing this list of resources and is further defined in subsections (3)(d) and (e). (2) "Will" seems too deterministic for a long-term plan, given the uncertainties in the energy industry.

#### **Public Counsel :**

"(a) "Integrated resource plan" or "plan" means a plan describing the mix of generating resources and improvements in the efficient use of electricity that will meet current and future needs at the lowest reasonable cost, and at the most appropriate levels of risk, to the utility and its ratepayers."

(b) "Lowest reasonable cost" means the lowest cost mix of resources determined through a detailed analysis of a wide range of commercially available sources. At a minimum, this analysis must consider, resource costs, market-volatility risks, demand-side resource uncertainties, the risks imposed on ratepayers, resource effect on system operations, public policies regarding resource preference adopted by Washington state or the federal government, the cost of risks associated with environmental effects including emissions of carbon dioxide, and the need for security of supply.

**Natural Resources Defense Council:**

"(b) ..At a minimum, this analysis must consider ..... the cost of risks associated with future environmental regulations, including limits on ~~environmental effects including emissions of carbon dioxide.~~"

**Renewable Northwest Project:**

"(b) ..At a minimum, this analysis must consider ..... the cost of risks associated with future environmental regulations, including limits on ~~environmental effects including emissions of carbon dioxide.~~"

**PSE:**

The list of requirements may be easier to follow by breaking them down into subsections, i.e. (i), (ii).

(c) "Conservation" means any reduction in natural gas consumption that results from increases in the efficiency of energy use, production, or distribution.

**PSE:**

"(c) " Conservation" means any reduction in natural gas consumption that results from increases in the efficiency of energy use, ~~production, or distribution.~~"

*Rationale:* Definition is problematic. Dropping language as indicated together with incorporating PSE's first suggestion in (2)(a) will provide a clearer definition.

**Public Counsel :**

"(d) "risk" means the estimated probabilities of an outcome(s).

(3) Content. At a minimum, integrated resource plans must include:

(a) A range of forecasts of future natural gas demand in firm and interruptible markets for each customer class that examine the effect of economic forces on the consumption of natural gas and that address changes in the number, type and efficiency of natural gas end-uses.

(b) An assessment of commercially available conservation,, including load management, as well as an assessment of currently employed and new policies and programs needed to obtain the conservation improvements.

**Natural Resources Defense Council:**

(b) An assessment (for each customer class) of commercially available conservation, including load management, as well as an assessment of currently employed and new policies and programs needed to obtain the conservation improvements.

(c) An assessment of commercially available gas manufacturing (as in coal to gas) and production technologies.

**PSE:**

"(c) An assessment of conventional and commercially available non-conventional gas supplies manufacturing (as in coal to gas) and production technologies."

*Rationale:* Propose language is more standard in the natural gas industry.

(d) An assessment of opportunities for using company-owned or contracted storage or production.

**PSE:**

"(d) An assessment of opportunities for using company-owned or contracted storage ~~or production.~~"

*Rationale:* Reference to production seems a carry-over from pre-FERC Order 636 market structure.

(e) An assessment of pipeline transmission capability and reliability and opportunities for additional pipeline transmission resources.

(f) A comparative evaluation of the cost of natural gas purchasing strategies, storage options and improvements in conservation a using a consistent method to calculate cost-effectiveness.

**PSE:**

"(f) A comparative evaluation of the cost of natural gas purchasing strategies, storage options, delivery resources, and improvements in conservation a using a consistent method to calculate cost-effectiveness.

*Rationale:* The addition of "delivery resources" complements suggested changes to (2)(a)."

(g) The integration of the demand forecasts and resource evaluations into a long-range (i.e., at least ten years; longer if appropriate to the life of the resources considered) integrated resource plan describing the mix of resources that will meet current and future needs at the lowest reasonable cost to the utility and its ratepayers.

**PSE:**

"(g) The integration of the demand forecasts and resource evaluations into a long-range (i.e., at least ten years; longer if appropriate to the life of the resources considered) integrated resource plan describing the mix of resources that ~~will~~ is designed to meet current and future needs at the lowest reasonable cost to the utility and its ratepayers."

**Public Counsel :**

(g) The integration of the demand forecasts and resource evaluations into a long-range ~~(e.g., of a duration appropriate to the life of the resources~~

~~considered for acquisition) integrated resource plan describing the strategies designed to meet current and future needs during the twenty years following submission of the plan (and a different period justified by the utility) at the lowest reasonable cost to the utility and its ratepayers.~~

(h) A short-term, two-year plan outlining the specific actions the utility will take to implement its integrated resource plan.

**Public Counsel :**

~~(h) A short-term (e.g., two-year) plan outlining the specific actions to be taken by the utility in implementing the long-range integrated resource plan during the two years following submission.~~

(i) A report on the utility's progress towards implementing the recommendations contained in its previously filed plan.

**Public Counsel :**

(j) Evaluations of acceptable levels of the risk of price escalation and service interruption to ratepayers, and of sensitivity of the integrated resource plan to variations in the levels of risk.

(4) Timing. Unless otherwise ordered by the commission, each natural gas utility must submit a plan within two years after the date on which the previous plan was filed with the commission. Not later than 12 months prior to the due date of a plan, the utility must provide a work plan for informal commission review. The work plan must outline the content of the integrated resource plan to be developed by the utility and the method for assessing potential resources.

**NW Natural**

1. Requests language to further explain what is meant by "... must submit a plan within two years after the date on which the previous plan was filed."
2. Urges the WUTC to adopt the date of plan acceptance as the anniversary date for the IRP planning cycle.

(5) Public participation. Consultations with commission staff and public participation are essential to the development of an effective plan. The work plan must outline the timing and extent of public participation. In addition, the commission will hear comment on the plan at a public hearing scheduled after the utility submits its plan for commission review.

(6) The commission will consider the information reported in the integrated resource plan, when it evaluates the performance of the utility in rate and other proceedings.

[Statutory Authority: RCW 80.01.040 and 80.04.160. 01-11-003 (Docket No. UG-990294, General Order No. R-484), § 480-90-238, filed 5/3/01, effective 6/3/01.]