

## Attachment C

### Integrated Resource Planning Requirements for Electric Utilities

**WAC 480-100-238 Integrated Resource Planning.** (1) Purpose. Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of generating resources and conservation. In furtherance of that responsibility, each electric utility must develop an “integrated resource plan”.

**NW Energy Coalition’s option 1 (option 2 under (2)(b):**

“(1) Purpose. Each electric utility regulated by the commission has the responsibility to meet its system demand with a ~~least cost~~ mix of generating resources and conservation that most effectively balances costs and risks to best protect ratepayers.”

**PacifiCorp’s Comments:**

“(1) Purpose. Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of ~~generating resources~~ energy supply resources and conservation. ....”

*Rationale:* Generating resources may exclude consideration of power purchase agreements and other supply-side measures.

**PSE:**

“(1) Purpose. Each electric utility regulated by the commission has the responsibility to meet its system demand with a least cost mix of ~~generating~~ energy supply resources and conservation. .... ”

*Rationale:* “Generating” seems to limiting. “Energy supply” broadens the scope to include cover the entire supply side.

(2) Definitions.

(a) “Integrated resource plan” or “plan” means a plan describing the mix of generating resources 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 ~~generating energy supply~~ resources 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) “Generating” seems to limiting. “Energy supply” broadens the scope to include cover the entire supply side. (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 cost, market-volatility risks, demand-side resource uncertainties, resource dispatchability, resource effect on system operation, the risks imposed on ratepayers, public policies regarding resource preference adopted by Washington state or the federal government and the cost of risks associated with environmental effects including emissions of carbon dioxide.

**NW Energy Coalition's option 2:**

"Lowest reasonable cost" means the ~~lowest-cost~~ mix that most effectively balances costs and risks of resources determined through a detailed analysis of a wide range of commercially available sources.

**Natural Resources Defense Council and NW Energy Coalition:**

"(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 electric power consumption that results from increases in the efficiency of energy use, production, or distribution.

**PSE:**

" (c) "Conservation" means any reduction in electric power 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 demand using methods that examine the effect of economic forces on the consumption of electricity and that address changes in the number, type and efficiency of electrical 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 a wide range of commercially available generating technologies.

**Renewable Northwest Project:**

Language should be more specific.

(d) An assessment of transmission system capability and reliability.

**PacifiCorp**

Transmission reliability should not be assessed as part of the IRP process.

**Climate Solutions;**

“(d) An assessment of transmission and distribution system capability and reliability.”

**PSE:**

“(d) An assessment of transmission system capability and reliability consistent with other state and federal regulatory requirements and limitations.”

*Rationale:* Please, see table on Transmission issue for explanation.

(e) A comparative evaluation of the cost of generating resources (including transmission and distribution) and improvements in conservation using a consistent method to calculate cost-effectiveness.

**NW Energy Coalition**

A comparative evaluation of the cost and risk of generating resources .....

**Climate Solutions:**

“(e) A comparative evaluation of the cost of generating resources (including transmission and distribution) and with the cost of improvements in conservation, transmission and distribution, using a consistent method to calculate cost-effectiveness.

**PSE:**

“(e) A comparative evaluation of the cost of generating energy supply resources (including transmission and distribution) and improvements in conservation using a consistent method to calculate cost-effectiveness.

*Rationale:* “Generating” seems to limiting. “Energy supply” broadens the scope to include cover the entire supply side.

(f) 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:**

"(f) 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.

*Rationale:* "Will" seems too deterministic for a long-term plan, given the uncertainties in the energy industry.

**Climate Solutions:**

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

**Public Counsel :**

(f) 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.

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

**PacifiCorp:**

"(g) A short-term, two-year plan outlining the specific actions the utility ~~will~~ is designed to take to implement its integrated resource plan."

**Public Counsel :**

(g) 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.

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

**Public Counsel :**

(i) 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.

**Renewable Northwest Project:**

Add subsection to "(3) Content," providing specific language for all resources to be evaluated on a consistent and comparable basis and not to be subject to artificial limitations.

(4) Timing. Unless otherwise ordered by the commission, each electric 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.

**PacifiCorp:**

The 12 month deadline may not be appropriate. Keep flexibility afforded by current rule.

**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. 01-11-004 (Docket No. UE-990473, General Order No. R-482), § 480-100-238, filed 5/3/01, effective 6/3/01.]