**Appendix A: Comment Summary and Commission Response**

**Energy Independence Act Rulemaking, Docket UE-131723**

| **Section** | **Commenter** | **Comment** | **Commission Response** |
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| **“Biomass energy”**WAC 480-109-060(2)(b)(ii) | Avista | “Old growth forests” are not defined in the rule. Avista suggests the Commission should hold a workshop on this issue so that a definition may be included in the rules by mid-2015. | The Commission believes that this issue is not ripe for inclusion in this rule. The Commission prefers to address this issue in the context of Avista’s 2015 and 2016 RPS reports, as Avista is the only utility planning to use biomass energy at this time.  |
| **“Distributed generation”**WAC 480-109-060(11) | Puget Sound Energy (PSE) | Restore the definition of “distributed generation” used in RCW 19.285.030(11). | The Commission declines PSE’s suggested revision and adopts the definition of “distributed generation” used in the proposed rule because it restricts the use of the distributed generation multiplier to appropriate situations. This definition is consistent with the Department of Commerce’s proposed rule WAC 194-37-136, which if adopted will result in a uniform state policy. (WSR 15-02-076, filed January 7, 2015.)  |
| **“Pro rata”**WAC 480-109-060(19) | PSE,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 6th 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)Restore existing WAC 480-109-010(2)(b): “each utility must fully document how it prorated its ten-year potential to determine the minimum level for its biennial conservation target.” (Pacific Power) | The Commission adopts the definition of “pro rata” used in the proposed rule. As discussed in the adoption order, the existing rule language allowed more flexibility for utilities to ramp up conservation acquisition to the levels required by the EIA. Now that the conservation programs are more mature, this flexibility is no longer appropriate. The proposed language is consistent with the plain meaning of the term “pro rata.” |
| **“Pursue all”**WAC 480-109-060(21) | 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. | The Commission retains the definition in the proposed rule, and which is consistent with the EIA. See the adoption order for additional discussion. |
| Public Counsel | Public Counsel supports the definition in the proposed rule, and does not believe that it establishes a separate requirement outside of the biennial conservation target. |
| **Co-firing**WAC 480-109-060(25)(i) | Northwest Energy Coalition (NWEC) | Remove co-firing. Co-firing is a process, not a resource. | The Commission agrees that co-firing is a process, but it is appropriate include co-firing in the definition of “renewable resource” to show that co-firing may be used to meet renewable resource targets. |
| **Single large facility** WAC 480-109-060(28) | PSE | Restore definition in RCW 19.285.040(1)(c)(ii). To add clarity, PSE proposes adding: “…premises of a single customer who participated in a utility conservation program and whose annual…” | While Staff agreed with this revision, the Commission declines to adopt it. RCW 19.285.040(1)(c) is a new statutory provision, therefore the Commission prefers to use a definition that does not add to the statutory language. |
| **“Transmission voltage”**WAC 480-109-060(30) | PSE andPacific Power | Remove the 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. | To address this concern, we remove the definition and add “For the purposes of this subsection, transmission voltage is 100,000 volts or higher,” to WAC 480-109-100(3)(c)(iii) and WAC 480-109-200(8)(b). |
| **Process for pursuing all conservation – Identify potential**WAC 480-109-100(1)(a)(i) | Pacific Power | Replace “potential of possible technologies and conservation programs and measures” with “conservation potential,” as they are separate concepts.  | This subsection describes the entire process for identifying “conservation potential.” We reject Pacific Power’s request and retain this longer description of the entire process utilities must use to identify their cost-effective, reliable and feasible conservation potential. To clarify that this identification takes place at the measure level, we delete “programs and.” |
| **Process for pursuing all conservation – Develop portfolio**WAC 480-109-100(1)(a)(ii) | NWEC | 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. | The Commission rejects this suggestion, as the requirement to provide this documentation is encompassed in the rule. The rule appropriately requires utilities to consult with their advisory groups regarding the development of conservation potential assessments in WAC 480-109-110(1)(e) and provide documentation of the development of the biennial conservation plan in WAC 480-109-120(1)(b)(iv). Accordingly, utilities must provide supporting evidence to their advisory groups when certain types of conservation are not available. |
| **Process for pursuing all conservation – emerging technologies**WAC 480-109-100(1)(a) | PSE | 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. | The Commission retains the language in the proposed rule. As discussed in the adoption order, it is necessary for utilities to research emerging technologies as part of an effective adaptive management strategy.  |
| **Pilots**WAC 480-109-100(1)(c) | PSE | The proposed language is ambiguous. PSE proposes: “A utility may implement pilot projects when appropriate and expected to produce cost-effective savings *within the current or immediately subsequent biennium*, as long as the overall portfolio remains cost-effective.”  | The Commission agrees that it is appropriate to provide a timeframe for implementing pilot projects, and adopted PSE’s proposed language in WAC 480-109-100(1)(c). |
| **Conservation potential** WAC 480-109-100(2)(b) | PSE | 100(2)(b) Add: “, 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. | The Commission agrees with PSE’s comment but implements it by adopting the Sixth Northwest Conservation and Electric Power Plan by reference in WAC 480-109-999. |
| **Conservation potential** WAC 480-109-100(2)(c) | PSE and Pacific Power | * 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)
* Revise: “the projection must include a list of each measure category used in the potential, ~~its unit energy savings value~~, and the source of that value.” (Pacific Power)
 | The Commission declines to adopt these revisions. It is necessary for utilities to file a list of all unit energy savings with their ten-year conservation potential for stakeholders to conduct a thorough review of this information during the biennial conservation target setting process.  |
| **Biennial conservation target**WAC 480-109-100(3) | NWEC | (a) & (b) should reference cost-effective conservation. | As discussed in the adoption order, the Commission has revised this section to refer to “available conservation that is cost-effective, reliable, and feasible.” |
| **Excess Conservation**WAC 480-109-100(3)(c) | PSENWEC | * (c): The proposed language is inconsistent with the RCW. Use the language in RCW 19.285.040(1)(c)(i). (PSE)
* (c) should say “biennia” instead of “biennium.” (NWEC)
* 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)
* (i) & (ii) should be written the same. (i) “each of the subsequent two” vs. (ii) “each of the immediate two subsequent….” (NWEC)
 | The Commission rejects PSE’s argument 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 conservation potential or targets. This language is consistent with the intent of the statute. The Commission adopts NWEC’s proposed changes to WAC 480-109-100(3)(c)(i) and (ii) to clarify that excess conservation may be used to meet up to twenty percent of each of the “immediately subsequent two biennial targets.” |
| **Prudence**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.” | The Commission declines to adopt PSE’s suggested language because it fails to account for the ongoing review of conservation savings occurring in the advisory groups before, during, and subsequent to conservation achievement. To address PSE’s concern, the Commission adopts changes to clarify that a utility retains the responsibility to demonstrate the prudence of all conservation expenditures, “consistent with RCW 19.285.050(2).” |
| **Energy savings**WAC 480-109-100(5)  | Public Counsel PSEPacific Power | * “By commission order” may cause confusion or create new burdensome processes. Revise: “…by the regional technical forum, except as provided in this subsection. ~~or by commission order. The commission will consider a unit energy savings value or protocol that is~~ 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:” (Public Counsel)
* 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)
* Add “When making changes or proposing new measures,” and “standard protocol savings estimation methodologies approved… or provide an explanation for why not.” (Pacific Power)
* (5)(b) Replace “for this” with “or” (Pacific Power)
 | The Commission believes that these concerns are addressed by reverting to the version of this section in the August 2014 draft rule, which does not mention “by Commission Order.” |
| **High efficiency cogeneration**WAC 480-109-100(6) | PSENWEC | * Replace “certified” with “verified” by a professional engineer. (PSE)
* 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)(d)(ii)) (NWEC)
 | The Commission declines to adopt these changes. A professional engineer’s training and experience qualifies her to design and certify the performance of cogeneration plants. Thus, it is appropriate to require any technical reports regarding performance claims of high-efficiency cogeneration to be certified by a professional engineer in accordance with RCW 18.43.070, and WAC 196-23-020. The Commission declines to adopt NWEC’s revision because WAC 480-109-100(6) states “a utility may count as conservation savings” high efficiency cogeneration, which encompasses the statutory language. |
| **Cost-effectiveness evaluation and Low-income programs**WAC 480-109-100(8)(a) | Industrial Customers of Northwest Utilities (ICNU) | Add: “costs included in the portfolio level analysis include conservation-related administrative costs.” Administrative costs will be incurred if the proposed rule is adopted, particularly the carbon-intensity metric reporting. | The Commission declines to adopt ICNU’s proposed revision. As discussed in the adoption order, we believe that ICNU’s concerns regarding low-income programs are addressed by the addition of WAC 480-109-100(10). Administrative costs associated with reporting carbon-intensity metrics are not conservation-related. Thus, utilities may not collect these costs through the conservation recovery adjustment.  |
| Pacific Power | Remove “except low-income conservation programs.” | The Commission declines to remove the exception for low-income programs, and modifies this section to state, “…except programs described in WAC 480-109-100(10).” See the adoption order for additional discussion. |
| **Cost-effectiveness evaluation of Low-income programs**WAC 480-109-100(8)(b)\**\* WAC 480-109-100(10) in the rule as adopted.* | Pacific Power | * (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)
* (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)
 | The Commission adds WAC 480-109-100(10) to address low-income conservation, described in detail in the adoption order. The Commission believes this new subsection addresses the concerns of all stakeholders. The Commission appreciates the stakeholders’ contributions to the development of the revised language.  |
| PSE | * The proposed language would add layers of review and processing, and increase the administrative costs to the low-income program:
1. It would require an entirely new tracking and reporting system, cause the agency to have to track two sets of data.
2. Commerce already verifies the application of the SIR model. Requiring utilities to perform the test is redundant.
3. If the agencies were required to perform TREAT modeling for each project, the cost-effectiveness of the program would be at risk.
* (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.”
 |
| 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 | The title of the *Weatherization Manual* changed; include the new title in the rule. Implicit in the adoption of the *Weatherization Manual* is the acceptance of the use of a priority list of measures that agencies can install without running a computer program to develop a site specific calculation of an SIR. 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). |
| **Incentives**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. | We add the word “utility” to the title and the second sentence to clarify that this subsection refers to “utility incentives.” |
| **Conservation advisory groups**WAC 480-109-110(1) | PSE | * (1)(d) Replace “evaluation” with “review.”
* (1)(e) & (g) clarify that Advisory Group members “may” participate and review, if they elect to.
 | The Commission rejects PSE’s proposed revisions. First, it is appropriate for advisory groups to determine what level of rigor is satisfactory for the biennial evaluation of conservation achievement. Second, both conservation and IRP advisory groups have a role in conservation potential assessments and developing supply curves. Each utility is currently required by order to engage its conservation advisory group in the development of the conservation potential assessment within the IRP. It is appropriate to maintain this requirement in the rule. |
| **Conservation advisory groups - meetings**WAC 480-109-110(2) | NWEC | The meetings can be either in-person or telephonic.  | The rule does not specific the type of meeting, therefore it is inclusive of telephonic or electronic meetings, and no change is necessary. |
| **Advance notification of filings**WAC 480-109-110(3) | PSE,NWEC | * 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)
* It seems appropriate to provide the utilities an exemption from this requirement under certain circumstances (i.e. when speed is essential). (NWEC)
 | The Commission agrees that it is not necessary to require advance notification of conservation cost recovery adjustment filings, and adopts an exemption for filings required by WAC 480-109-130. The Commission acknowledges the concern regarding extraordinary circumstances, but rejects the proposed revision. In extraordinary circumstances, a utility may petition the Commission for an exception from the rule. |
| **Conservation advisory groups – advance notification of meetings**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.”  | The Commission adopts language to clarify each utility must notify its advisory group of “company and commission” meetings. This revision requires the utility to notify its conservation advisory group of public meetings held by the utility, and Commission open meetings regarding the utility’s conservation programs. |
| **Biennial conservation plan**WAC 480-109-120 | PSE | 120(1)(b)(i): replace “achievable” with “economic cost-effective.”  | We replace “ten-year achievable conservation potential” with “ten-year conservation potential” to correspond to the new title of WAC 480-109-100(2). We also add WAC 480-109-120(1)(c) to clarify that the ten-year conservation potential in this section is the same as that in WAC 480-109-100(2). |
| 120(1)(b)(iv): replace “description” with “summary overview.” | The Commission declines to adopt this change, which would weaken the requirement. |
| 120(1)(b)(vi)(B): Add “Where individually identifiable,” | The Commission declines to adopt this revision. It is appropriate for each utility to discuss its EM&V budgets with its advisory group. |
| **Biennial conservation plan – new programs**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 file an addendum or update to its biennial conservation plan and 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. | The Commission agrees that a utility should present new programs to its advisory group, and has adopted this requirement in WAC 480-109-110(1)(m). An addendum or update may be appropriate for major additions, but should not be required by rule. |
| **Annual conservation report**WAC 480-109-120(3)(b) | PSE | 120(3)(b)(ii): Replace “description” with “*high-level discussion* of the *key sources of* variance between the planned and actual savings” A description of “any” variance will increase the administrative burden on utilities. | The Commission declines to adopt PSE’s suggestion to change “description” to the less rigorous term “high-level discussion,” which would weaken the requirement. The Commission 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. |
| PSE | 120(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.” | The Commission adopts a change to clarify that utilities “submit,” rather than “file” the report with the Department of Commerce, to more accurately reflect the process by which the utilities provide this information. |
| **Cost-effectiveness Reports**WAC 480-109-120(3)(b)(iv) and (4)(b)(iv) | PSE | Make the language in sections 480-109-120(3)(b)(iv) and 480-109-120(4)(b)(iv) consistent. | The Commission agrees with PSE’s comment and made the language consistent. As discussed in the adoption order, the both portfolio- and program-level cost-effectiveness are useful information to guide adaptive management decisions, and should be included in annual conservation reports. We do not require the program-level cost-effectiveness in the biennial conservation plans to lessen the administrative burden.  |
| **Third-party evaluations**WAC 480-109-120(4)(b)(v) | NWEC, PSE | NWEC believes this language is appropriate.PSE suggests replacing “evaluation” with “review,” and add “as deemed necessary by a utility’s advisory group.” | The Commission believes that it is appropriate for utilities to provide a narrative discussion We decline to adopt PSE’s suggestion to change “evaluation” to “review.” Independent third-party evaluations are required in existing Commission orders, and are consistent with current practice. It is appropriate for advisory groups to determine the scope of the cost-effectiveness discussions in the reports.  |
| **Publication of EERS and RPS reports**WAC 480-109-120(6) and WAC 480-109-210(4) | PSE | The plans contain confidential and sensitive data. The proposed requirement could result in a reduction of the amount of detail provided to the CRAG.  | The Commission does not intend these sections to require utilities to publish confidential information. A utility should provide work papers and supporting documentation to its advisory group, but confidential information as defined in WAC 480-07-160 may be redacted.  |
| PSE | 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.”  | The Commission agrees with PSE’s suggestion that providing a summary of EERS reports to the public would be helpful. We adopt revisions to this section to also require utilities to post a summary of planned and actual savings and expenditures on their websites. Further codifying our precedent, we clarify that a utility must post EERS and RPS plans and reports on its website within 30 days of commission acknowledgment of the plan or order approving the report. |
| **Conservation cost recovery adjustment**WAC 480-109-130(1) | PSE | 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 *et. seq.*” | We add the word “all” to clarify that filings must not exclude expected changes in conservation costs and amortization of deferred balances. As described in the adoption order, we decline PSE’s request to add “other approved costs,” because it is our preference that these tariffs include only the costs of conservation programs. As described in the adoption order, we decline PSE’s request to add “or other rate recovery mechanisms as allowed in RCW 80.28.303 et. seq.” to the end of subsection (1).As described in the adoption order, we require the inclusion of procedures in the tariff.  |
| **Conservation cost recovery adjustment**WAC 480-109-130(3) | PSE | 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” | As described in the adoption order, we accept the addition of "forward-looking" before budgeted conservation and the substitution of "programs" for "measures" in both places in the same sentence; we decline to add “with a subsequent true-up.” |
| **Renewable portfolio standard**WAC 480-109-200 | PSE | Replace “portfolio standard” with “renewable resource” or “renewable energy target” throughout. | The Commission rejects this proposed revision as “Renewable Portfolio Standard” is an industry-standard term. |
| **WREGIS registration**WAC 480-109-200(3) | Avista,Chelan PUD,Renewable Northwest and NWEC jointly (RN/NWEC) | * 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, Chelan PUD)
* This requirement is appropriate and provides consistency with other resources. (RN/NWEC)
 | The Commission retains the requirement that all eligible generation must be registered in WREGIS. As described in the adoption order, the public interest in preventing double counting justifies any administrative burden imposed on utilities.  |
| **Renewable energy credit multipliers**WAC 480-109-200(4) | RN/NWEC | This language is consistent with the Commission’s declaratory order in Docket UE-111663. | The Commission retains the proposed rule’s language that the multipliers do not create additional renewable energy credits.  |
| **Incremental Hydro:** **Method 1**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. | The Commission declines to adopt any changes to Method 1. The Commission encourages utilities using Method 1 to work closely with Staff to address these concerns prior to filing a final RPS compliance reports. WREGIS provides ample flexibility to adjust previously reported monthly generation for up to two years. Further, WAC 480-109-210(6) provides two years after for utilities to submit their final RPS compliance reports.  |
| **Incremental Hydro:** **Method 2**WAC 480-109-200(7) | Chelan PUD | 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 percentage factor would be known in advance. | The Commission declines to adopt changes to Method 2. The proposed rule calls for an average river discharge calculated over a period of “at least five years.” Thus, this language does not preclude the use of all available years. |
| Pacific Power,NWEC | * PacifiCorp supports the use of a five-year historical period for method 2. (Pacific Power)
* (iv) should say, “calculating…” and (v) should say, “multiplying…” (NWEC)
 | The Commission appreciates Pacific Power’s support of the five-year minimum historical period in Method 2. The Commission adopts NWEC’s grammatical corrections.  |
| **Incremental Hydro:** **Method 3**WAC 480-109-200(7) | 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) | As discussed in the adoption order, we adopt changes to this section that remove the reference to Method 3 as a “pilot method” and adjust when utilities using Method 3 must compare it to one of the other two methods. The Commission adopts language clarifying that, if that analysis finds a significant different between Method 3 and one of the other methods, it may order a utility to use a different method in future reporting years. |
| **RPS reporting**WAC 480-109-210(1) | RN/NWEC | Clarify that the annual report details the resources that utilities acquired or contracted to acquire by January 1 of that same target year. | The Commission recognizes this concern and provides clarification in the adoption order.  |
| **Incremental cost calculation**WAC 480-109-210(2)(a)(i) | RN/NWEC, PSE | * The proposed rule includes integration costs for the eligible resource, but not the noneligible resource. (RN/NWEC)
* In supplemental comments filed on Oct. 30, 2014, PSE rescinded its Oct. 6 comments on this section. (PSE)
 | The Commission declines to adopt any changes that may contemplate the incorporation of “integration costs” or ancillary services associated with noneligible resources into the incremental cost calculation. The Commission believes that the literature on this topic is not sufficiently developed, and that this issue it is not ripe for inclusion in the rule at this time. |
| **Incremental cost calculation**WAC 480-109-210(2)(a)(i)(A) | ICNU | (2)(a)(i)(A): add: “including integration costs calculated consistently with its IRP, including its wind integration study,..” | As described in the adoption order, we agree that it is appropriate for a utility to use the integration costs calculated consistently with its IRP, and adopt changes to this subsection. |
| **Incremental cost calculation – one-time component**WAC 480-109-210(2)(a)(i)(B) | RN/NWEC, Avista, ICNU | * Suggest the rule require utilities to use an effective load carrying capacity methodology, a less volatile and more reliable method for calculating capacity contributions. (a)(i)(B) **Capacity.** Calculate the capacity credit for each eligible resource by 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. (RN/NWEC)
* Avista and ICNU suggest using the capacity value the utility identified in its integrated resource plan.
 | While the Commission declines to adopt Renewable Northwest’s suggestion to require the use of an effective load carrying capability, we express support for the usage of that and similar methodologies in adoption order. We adopt Avista and ICNU’s suggestion, and encourage utilities to adopt best practices as they emerge in this developing field of research, in consultation with their respective IRP advisory groups.  |
| **Incremental cost calculation – one-time component**WAC 480-109-210(2)(a)(i)(E) | 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.” | The Commission agrees that the rule should allow utilities to use updated cost information when the information in its IRP is out-of-date. The Commission adopts new language in this subsection to allow a utility to use cost information from another source, provided that it also provides documentation and an explanation of why it used an alternative source. |
| **Incremental cost calculation – one-time component**WAC 480-109-210(2)(a)(i)(E) | Pacific Power | * 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?
* (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.
 | The Commission believes that the one-time nature of the incremental cost calculation means that underlying inputs do not change, and that no revisions to the rule are necessary to address Pacific Power’s first comment. To address Pacific Power’s second comment, the Commission adopts the addition of “contract length” to the length of time over which the noneligible resource’s energy and capacity costs may be levelized. |
| **Incremental cost calculation**WAC 480-109-210(2)(a)(i)(F) | RN/NWEC  | * (a)(i)(F) should include a sentence stating that the end result of this calculation may be a negative number.
* The proposed rule should provide for accounting of fuel price risk.
 | The Commission adopts language clarifying that the result of the incremental cost calculation may be a negative number. The Commission believes that the issue of fuel price risk is not ripe for inclusion in the current rule.  |
| **Incremental cost calculation**WAC 480-109-210(2)(a)(i)(G) | 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. | The Commission adopts a new subsection in WAC 480-109-210(2)(a)(i)(G) to allow utilities to deem the incremental cost of “legacy resources” as zero dollars. As discussed in the adoption order, the small cost of these facilities does not justify the burden of estimating these costs.  |
| **Annual calculation of revenue requirement**WAC 480-109-210(2)(a)(ii) | Avista,Snohomish PUD | * 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). (SnoPUD)
* (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)
* Avista withdrew its comment regarding this section via email on Nov. 6, 2014.
 | The Commission declines to adopt any changes to the annual calculation of the revenue requirement ratio. The Commission disagrees that this calculation results in double-counting. |
| **Alternative compliance**WAC 480-109-210(2)(b) | NWEC,RN/NWEC | * Revise: “…other information in its report to demonstrate that it qualifies to use ~~that~~ the alternative compliance mechanism in WAC 480-109-220(1) or (3).” (NWEC)
* 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/NWEC)
 | The proposed rule clearly communicates the concepts in NWEC’s revision to 210(2)(b), so we decline to make this change. |
| **Eligible resources**WAC 480-109-210(2)(d) | PSE | Delete section. The purpose of the annual report is to report 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. | The Commission declines to delete this subsection, which is consistent with Commission orders in Dockets UE-120802 and UE-131072. |
| **Multistate allocations**WAC 480-109-210(2)(e) | RN/NWEC | 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. | The Commission adopts the use of “certificate” throughout this section, consistent with the definition in WAC 480-109-060(3). The Commission declines to adopt rules regarding fuel mix disclosure, which is reported to the Department of Commerce under RCW 19.29A.060.  |
| **Certificate Sales**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.  | The Commission declines to delete this section. The proposed rule does not require utilities to disclose confidential information. A utility may file this information confidentially under RCW 80.04.095.  |
| 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. | The Commission agrees that this rule applies only to the sales of RECs allocated to Washington. The Commission adopts clarifying language in 480-109-210(2)(f). |
| **Report review**WAC 480-109-210(4)See also 480-109-120(6) | Avista | Limit the posting of historical RPS and conservation reports on utility websites to ten years. | The Commission declines to limit the posting of historical reports. All reports should be available for public review. The Commission adopts changes to this section to require that reports be posted within 30 days of commission order approving the reports, and provided to any person upon request. |
| **Energy and emissions intensity metrics**WAC 480-109-300 | PSE,Pacific Power,Avista | * 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)
* 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)
* Emissions-related metrics (2)(d) & (2)(e) warrant further discussion. The Commission should hold a workshop. (Avista)
 | The Commission declines to delete this section. This reporting requirement is necessary to track progress toward meeting the objectives of the statute, to “increase energy conservation” and “protect clean air and water.” As described in the adoption order, the Commission plans to adopt this section at a later date. The Commission does not believe that this reporting requirement is unduly burdensome. |
| 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.” | The Commission agrees with this revision. |
| NWEC | For clarity, revise the third sentence to “customers of that utility in Washington” (NWEC) | The Commission agrees with this revision. |
| Add MWh per industrial customer | The Commission declines to accept this proposed additional requirement. Due to large historic swings in industrial load, this is not a reliable long-term trend metric. |
| (d) & (e): should these include CO2 equivalent emissions? | The Commission declines to accept this revision. The difference between CO2 emissions and CO2 equivalent emissions for combustion technologies is not significant enough to impact trending data. |
| n/a | PSE | In supplemental comments, PSE suggests adding a new section describing what occurs if the rules go into effect before January 1, 2015. | We adopt the rules after January 1, 2015, so this addition is not necessary. |