STATE OF WASHINGTON

DEPARTMENT OF COMMUNITY, TRADE AND ECONOMIC DEVELOPMENT

ENERGY POLICY DIVISION

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September 28, 2005

Ms. Carole Washburn, Executive Secretary
Washington Utilities and Transportation Commission
1300 South Evergreen Park Drive SW
PO Box 47250
Olympia, WA 98504-7250

RE: Comments in Least Cost Planning Rulemaking Docket Nos. UE-030311 and UG-030312 from the Washington Department of Community, Trade and Economic Development

Dear Ms. Washburn:

On behalf of the Washington Department of Community, Trade and Economic Development I submit these comments on the Commission's Least Cost Planning rulemaking docket numbers UE-030311 and UG-030312. We have participated in the Commission's workshops for this rulemaking and have submitted multiple comments previously. We want to express our appreciation for the Commission's willingness to reconsider its earlier 2003 proposed language for this rulemaking. With this CR-102 filing, we believe the Commission has meaningfully improved the clarity of the rules, and greatly improved the quality of instructions to utilities for their analysis of "lowest reasonable cost" resources. It is this analysis that influences the investments utilities make to provide gas and or electric service to their retail customers.

Most notably, the proposed rules direct utilities to include an analysis of specific risks in their integrated resource plans (IRPs) as well as assess infrastructure capability, such as pipelines or transmission systems. These are both significant improvements to the existing planning rules. The instructions on risk analysis formally move the analysis beyond lowest cost resource assessment to an analysis that balances lowest cost resource investments with low risk resource investments. Some utilities, particularly Puget Sound Energy, had already initiated this risk balancing analysis in their 2003 IRP. The Northwest Power Planning and Conservation Council incorporated similar in-depth risk analysis into its recent 5th Power Plan. It is constructive to see the Commission propose to adopt this cost-risk analysis formally into its administrative rules.

We praise the Commission for proposing to amend the least cost planning rules specifically to acknowledge state or federal policies that indicate resource preference and to address the cost of risks associated with environmental effects including emissions of carbon dioxide. This is an important step that will serve to keep the Commission's policies consistent with those of state and or federal government.

Please consider the remarks by California Public Utility Commissioner President, Michael Peevey, provided in this web link as an attachment to our comments http://www.cpuc.ca.gov/static/aboutcpuc/commissioners/01peevey/speeches/2005april19annualconofcaclimate.htm. In these April 2005 remarks Commissioner Peevey addresses the critical roles that state utility regulators can potentially or already do perform to achieve reductions of global warming emissions. The Commissioner references an article in Energy Washington Week whose headline reads, "Investors outpacing Congress in push for climate change action." His point is "that policymakers are being left behind by practical, on-the-ground decisions being made by the financial sector, corporations, and even energy companies." The Commissioner also addresses the 2003 California Energy Action Plan which establishes energy efficiency and demand-side investment as California's first priorities for resource acquisition followed by renewable energy, distributed energy resources, and last, conventional transmission and generation. He also addresses his agency's adopted financial carbon risk adder that California's regulated utilities use to consider bids to purchase electricity. We submit these to you now in support of your proposed rule amendments to include the "cost of risks associated with environmental effects including emissions of carbon dioxide" in resource selection and we ask you to consider them as you engage in future policy opportunities.

Thank you for investing the time and resources of the Commission to improve the policies that influence the future resource investments of Washington's natural gas and electric utilities and therefore the future risks and costs that Washington's energy ratepayers will bear.

Sincerely,

Elizabeth Klumpp
Sr. Energy Policy Analyst