



**STATE OF WASHINGTON**  
**UTILITIES AND TRANSPORTATION COMMISSION**

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November 7, 2019

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS**  
**(By 5 p.m., December 20, 2019)**

Re: In the Matter of Amending, Adopting, and Repealing WAC 480-100-238, Relating to Integrated Resource Planning, Docket UE-190698

TO ALL INTERESTED PERSONS:

On November 6, 2019, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to update its integrated resource plan (IRP) rules in WAC 480-100-238, to consider whether additional rules were necessary to implement recent legislation, to clarify how recent advances in the energy industry should be treated in IRPs, and to consider other improvements in the process and policies involved in utility preparation and Commission review of IRPs. The Commission filed the CR-101 under Docket UE-190698.

In 2016, the Commission began updating its IRP rules in Docket U-161024 to reflect statutory changes made since the Commission initially adopted its rules in 2006. However, after the passage of the Clean Energy Transformation Act (CETA) in 2019,<sup>1</sup> the Commission terminated that rulemaking and incorporated its existing electric IRP review into this proceeding.

The CR-101, as filed with the Code Reviser, is available for inspection on the Commission's website at <http://www.utc.wa.gov/190698>. If you are unable to access the Commission's web page and would like a copy of the CR-101 mailed to you, please contact the Records Center at (360) 664-1234.

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<sup>1</sup> SB 5116, Laws of 2019, ch. 288.

## ISSUE DISCUSSION

In addition to reflecting statutory changes, the Commission initiated its 2016 rulemaking to address the rapid technological advancements in the electric industry that have altered the resource landscape and complicated the IRP modeling process.<sup>2</sup> Those issues are even more pronounced now that the legislature has enacted CETA, which requires electric utilities to transition to a carbon neutral supply of electricity by 2030 and to become 100 percent carbon free by 2045. The initial discussion draft rules that Commission staff (Staff) has prepared is based on the efforts of Staff and stakeholders in the previous rulemaking with significant modifications to implement the provisions of CETA.

The Commission anticipates using most of 2020 to engage in a robust discussion with stakeholders and the public on how best to shape these rules so that the utilities may comply most effectively and efficiently with their statutory and regulatory obligations. In this initial discussion draft, Staff has focused on developing the procedural aspects of the IRP. The Commission is asking stakeholders for feedback on these significant procedural changes, particularly on the preferable regulatory process and relationship of the IRP to Clean Energy Implementation Plans (CEIP). The Commission also requests comment on how the draft rules might provide better guidance on how utilities can comply most efficiently and effectively with statutory requirements.

## SUMMARY OF SIGNIFICANT PROPOSED CHANGES

The discussion draft proposes several areas of change from the existing rules:

- **Create a new part for planning:** The discussion draft creates a new subpart of WAC 480-100 for planning, Part VI-Planning, which would include the rules for IRPs, CEIPs, and potential rules on distribution system planning. The definitions in this section would apply to all of these planning rules. *See* WAC 480-100-600.
- **Four-year IRP cycle:** The discussion draft proposes a four-year IRP cycle with a two-year progress report, as permitted by statute. A four-year cycle would better align with the requirement that utilities file CEIPs every four years, streamline outreach efforts, and allow time for the possibility of litigation concerning CEIPs. *See* WAC 480-100-615.
- **New draft IRP requirements:** The discussion draft places greater emphasis on the draft IRP. *See* draft WAC 480-100-615(2) and 480-100-620(3).

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<sup>2</sup> Docket U-161024, Rulemaking for Integrated Resource Planning, Notice of Workshop and Notice of Opportunity to File Written Comments (Sept. 6, 2016).

- **Portfolio analysis and preferred portfolio:** The draft rule describes the various inputs and assessments utilities must include in an IRP to create a long-term resource plan, which is composed of the portfolio analysis and preferred portfolio. The discussion draft includes a list of outcomes required under existing law and in CETA, as enumerated in subsections (a) – (f). *See* WAC 480-100-610(11).
- **New Definitions in WAC 480-100-600:** The vast majority of new definitions are taken directly from the statute. In addition to the statutory definitions, the discussion draft includes new definitions for “consult,” “planning horizon,” and “resource need.”

The Commission intends to adopt definitions for the terms “energy assistance,” “energy assistance need,” and “energy burden” that will be identical in these rules and the ones resulting from the Energy Independence Act (EIA) rulemaking underway in Docket UE-190652. The EIA Rulemaking is currently expected to conclude before this rulemaking, and therefore any comments related to these definitions should be filed in both dockets.

## QUESTIONS FOR CONSIDERATION

The Commission requests comments on the discussion draft rules, but specifically requests comments in response to the following questions, which address the most significant changes to current IRP requirements and process.

### Procedural Questions

1. RCW 19.280.030(1) requires a utility to develop an IRP at least every four years, and, at a minimum, a progress report reflecting changing conditions every two years. The Commission’s rules require that investor-owned utilities file a full plan every two years (WAC 480-100-238(4)). CETA requires a utility to file a CEIP for approval by the Commission, informed by its Clean Energy Action Plan (CEAP) which itself is an output of the IRP, every four years. CETA’s additional requirements will necessitate a lengthier and more time consuming administrative process for all parties. In the discussion draft, Staff is proposing to require utilities to file IRPs every four years, with a limited progress report every two years.
  - a. Should the Commission only require a full IRP every four years, with a limited IRP progress report every two years? Why or why not?
  - b. If the Commission were to require only a progress report every two years, filed two years after the full IRP, which components of an IRP do you think should be updated? Which components do you think only need to be updated every four years?
2. The discussion draft proposes that a utility must file a work plan at least fifteen months prior to the due date of its IRP, and a completed draft IRP four months prior to the due date. Does this proposed schedule allow sufficient time for a thorough IRP with robust public engagement? If not, please provide a preferred timeline.
3. Please describe:

- a. An ideal timeline on when a utility files an IRP and a CEIP;
  - b. The relationship between an IRP and a CEIP; and
  - c. How the CEAP in the IRP will inform the CEIP.
4. The discussion draft proposes holding a public hearing on the draft IRP rather than the final IRP, as has been the Commission's historic practice. One benefit of this proposal is that the utility could make changes to its final IRP based on the feedback it receives from its stakeholders and the public.
    - a. Should the Commission move the public hearing to a date between the utility's submission of its draft IRP and the final IRP? Is there any other point in time that public comment hearings are most beneficial to public engagement?
    - b. Given the integration of the IRP, the CEAP, and the CEIP, is there any other point in time that public comment hearings are most beneficial to public engagement?
  5. Draft WAC 480-100-615(2) states that a utility must file a draft of its integrated resource plan four months prior to the due date of the final plan. Are there requirements in WAC 480-100-610 that are not necessary or which reduce a utility's flexibility in their preparation of a draft IRP?
  6. Historically, the Commission has used an acknowledgment letter with comments to affirm that the utility has met the legal and regulatory requirements for filing an IRP. Given the advent of the CEIP, which is informed by the IRP and approved by the Commission, should the Commission consider a different type of response to an IRP, including but not necessarily limited to a compliance letter, an acknowledgment letter with comments, or Commission approval? Please explain your reasoning.

### **Equitable Distribution of Benefits**

Engrossed Second Substitute Senate Bill 5116 directly and indirectly modifies the IRP in two primary ways, as described below:

- Section 14(1)(k), now codified as RCW 19.280.030(1)(k), directly amends the IRP statute to add an assessment of “energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits, costs, and risks; and energy security and resiliency.”
- Section 4(8), now codified as RCW 19.405.040(8), requires utilities to “ensure all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and nonenergy benefits and reductions of burdens to vulnerable populations and highly impacted communities...”<sup>3</sup> Section 14(1)(l) amends the IRP statute by requiring a CEAP, which is a part of the IRP, to “implement sections 3 through 5 of this act...” Sections 3 through 5 include Section 4(8).

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<sup>3</sup> For purposes of reference, we use the phrase ‘equitable distribution of benefits’ to refer to the requirements of all of RCW 19.405.040(8).

7. Should the requirements for assessments in RCW 19.280.030(1)(k) and the requirements to ensure all customers benefit in RCW 19.405.030(1)(k) be connected in Commission rules? If so, how might this integration work?
8. What types of information should a utility provide in its IRP to document that the utility is ensuring all customers are benefitting from the transition to clean energy?
9. What level of guidance do utilities need from the Commission to implement the equitable distribution of benefits in the IRPs?
  - a. How should the Commission guide the type of information included in the utility's assessment (*e.g.* rule, policy statement, or some other method)?
  - b. How should the Commission guide how utilities incorporate the assessment into the IRP (*e.g.*, rule, policy statement, or some other method)?
10. RCW 19.280.030(9) prohibits using IRPs as a basis to bring legal action against electric utilities. That is, an IRP cannot be adjudicated before the Commission. Considering this statutory prohibition, where and when should a utility report compliance ensuring all customers are benefitting from the transitions to clean energy?

### **Content of the IRP**

11. In the portfolio analysis and preferred portfolio section of draft WAC 480-100-610(11), should the Commission include criteria in the narrative explanation in addition to those listed in subsections (a) through (f)?
12. Should the Commission provide more specific guidance in these rules on how and where a utility incorporates the social cost of greenhouse gases? *See* draft WAC 480-100-610(6) and WAC 480-100-610(12)(j). Why or why not?
13. The draft rules mirror statutory language requiring utilities to assess resource adequacy metrics and identify a specific metric to be used in the IRP, but the draft does not provide any specific guidance to utilities. *See* draft WAC 480-100-610(7), (8), and (12)(d).
  - a. Should the Commission address resource adequacy metrics in rule by identifying the scope of allowed metrics or identifying the specific metric utilities should use? Alternatively, should the Commission allow utilities the flexibility to change their resource adequacy requirement to meet current best practices without going through a rulemaking? Please explain why one method is preferred over the other.
  - b. If the Commission does not establish specific guidelines in rule, it is possible different utilities will use different resource adequacy metrics, which may make effective comparisons among utilities more difficult. If not by rule, should the Commission provide more specific guidelines through another process, such as a policy statement?

14. Should the Commission provide additional guidance regarding cost-effective demand response and load management? *See* WAC 480-100-610(2)(b) and (12)(e).
15. Draft WAC 480-100-610(12) includes a requirement for utilities to identify in the IRP the CEIP's four-year energy efficiency, demand response, and renewable energy goals in the CEAP. This is the only listed requirement of a CEAP that is not in statute. Is it necessary and appropriate for the utility to identify proposed four-year CEIP targets in the CEAP?

## WRITTEN COMMENTS

The Commission gives notice of your opportunity to submit written comments no later than **5 p.m., Friday, December 20, 2019.**

Pursuant to WAC 480-07-250(3), written comments must be submitted in electronic form, specifically in searchable .pdf format (Adobe Acrobat or comparable software). As provided in WAC 480-07-140(5), those comments must be submitted via the Commission's web portal at [www.utc.wa.gov/e-filing](http://www.utc.wa.gov/e-filing). If you are unable to submit documents via the portal, you may submit your comments by email to the Commission's Records Center at [records@utc.wa.gov](mailto:records@utc.wa.gov) or by mailing or delivering an electronic copy to the Commission's Records Center on a flash drive, DVD, or compact disc that includes the filed document(s). Comment submissions should include:

- The docket number of this proceeding (Docket UE-190698).
- The commenting party's name.
- The title and date of the comment or comments.

The Commission will post on its web site all comments that are provided in electronic format. The web site is located at <http://www.utc.wa.gov/190698>.

If you are unable to file your comments electronically the Commission will accept a paper document.

## FUTURE STAKEHOLDER WORKSHOPS

Stakeholders will have further opportunity for comment at future workshops. Information about the workshop schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's website as it becomes available. To receive future information about this rulemaking, please email [records@utc.wa.gov](mailto:records@utc.wa.gov) and ask to be included on the mailing list for Docket UE-190698. You may also receive further information on this rulemaking by:

- Calling the Commission's Records Center at (360) 664-1139
- Emailing the Commission at [records@utc.wa.gov](mailto:records@utc.wa.gov)
- Mailing written comments to the address below

When contacting the Commission, please refer to Docket UE-190698 to ensure that you are placed on the appropriate service list. The Commission's mailing address is:

Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE, Lacey, WA 98503.  
P.O. Box 47250  
Olympia, WA 98504-7250

If you have questions regarding this rulemaking, you may contact staff leads Brad Cebulko and Kathi Scanlan at (360) 259-5315 and (360) 664-1267, respectively, or by email at [Bradley.cebulko@utc.wa.gov](mailto:Bradley.cebulko@utc.wa.gov) and [Kathi.Scanlan@utc.wa.gov](mailto:Kathi.Scanlan@utc.wa.gov).

### NOTICE

**If you do not want to comment now, but do want to receive future information about this rulemaking, please notify the Executive Director and Secretary in one of the ways described above and ask to be included on the mailing list for Docket UE-190698. If you do not do this, you might not receive further information about this rulemaking.**

MARK L. JOHNSON  
Executive Director and Secretary