



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
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April 17, 2018

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By 5 p.m. on May 17, 2018)

RE: Rulemaking for Integrated Resource Planning, WAC 480-100-238, WAC 480-90-238, and WAC 480-107
Docket U-161024

TO ALL INTERESTED PERSONS:

On December 7, 2016, the Washington Utilities and Transportation Commission (Commission) held an initial workshop in this docket. At that workshop, parties identified the need for a more in-depth workshop to focus on the topic of transmission and distribution planning within the integrated resource plan (IRP) process.

On February 14, 2017, the Commission's rulemaking team issued a concept paper that outlined a proposed framework for improving the transparency of transmission and distribution planning, and posed a series of discussion questions for developing the framework.

On March 10, 2017, the Commission held a workshop to hear from parties on the direction and depth of the Commission's direction. Several utilities also made presentations to describe their current distribution system planning practices.

For electric utilities, the Commission is seeking comments on draft rules related to electric distribution system planning (WAC 480-100-238). For natural gas utilities, we pose several questions in this Notice related to natural gas distribution system planning.

ISSUE DISCUSSION

The Commission's current electric IRP rule (WAC 480-100-238(3)(e)) requires utilities to include "a comparative evaluation of energy supply resources (including transmission and distribution) and improvements in conservation" in their integrated resource plans. To date, discussion of transmission and distribution planning in utility IRPs has been limited and cursory.

For natural gas IRPs, we also have found similar, limited analysis related to distribution system planning.

In the notice of opportunity to comment at the outset of this rulemaking, the Commission identified two driving forces behind the rulemaking: process changes based on the Commission's experience in administering the current rule, and technological changes that present new resource options.

Distribution system planning incorporates both of these areas. Technological advances have enabled utilities to engage in more granular monitoring and analysis of the distribution system, while also presenting new resource options to meet distribution system needs. Where an electric utility once had limited options for distribution system improvements (e.g., additional lines, larger transformers), it now has a host of options that provide potentially better alternatives to infrastructure investments (e.g., distributed generation, storage, targeted energy efficiency and demand response programs). Gas utilities may also have the ability to cost effectively defer or displace distribution pipeline investments through targeted energy efficiency and demand response programs.

In this environment, it is imperative that the IRP principle of comparing disparate resources on even terms is applied to distribution system planning. As the current rule language has proven inadequate for evoking a robust and transparent discussion about distribution system planning, the Commission's intent is to adopt changes to the current rule, or create a new rule, that will increase transparency of utility planning to meet distribution system needs that ensures that utilities make investments on a least-cost, least-risk basis.

With this clarification, we offer a draft revision of WAC 480-100-238 (electric) for public comment and ask for responses to the questions posed for both electric and natural gas distribution planning. The attached draft rules present the draft language for electric distribution system planning, only. The Commission intends to release additional draft rules in WAC 480-90-239, WAC 4809-100-238, and other chapters addressed in this rulemaking for public comment through a phased-in process throughout the spring and summer of 2018, including the following topics: the solicitation and request for proposal (RFP) process, rules implementing the Public Utility Regulatory Policy Act of 1978, or PURPA, procedural issues, such as the timing related to the work plan and draft plan submittals, and public participation requirements.

QUESTIONS FOR CONSIDERATION

On electric utility distribution planning, the Commission requests responses on draft rules, as well as responses to specific questions. For gas utility distribution planning, the Commission requests responses on specific questions, as outlined below. Commenters need not restrict their comments to the questions below. Comments about the rule organization, additional topics to

include and exclude, and references to studies or other important works are also welcomed and encouraged. To the extent possible commenters should provide example language for consideration.

1. Should the Commission propose parallel natural gas distribution planning rule language, similar to the draft rules in WAC 480-100-238 for electric utilities, with the exception of subsection (3)(c) “Distributed energy resource integration”?
 - a. How should distribution system planning rule requirements for WAC 480-90-238 be similar to that of the electric utilities?
 - b. How should the requirements be different?
2. In the draft rule, electric utilities would be required to form a separate advisory group to assist the utility as it develops its distribution system plan, in addition to the usual IRP advisory group. Regarding the distribution system advisory group:
 - a. Should the distribution system advisory group be required, or should it be optional?
 - b. What should be the extent and scope of the distribution system advisory group?
 - c. Should the advisory group review the modeling methods, inputs, economic assumptions, cost estimates, and other factors that affect the selection of best options, or just review the results of transmission and distribution analysis?
 - d. Is the draft description of the distribution planning advisory group’s membership appropriate?
 - e. Is a distribution advisory group necessary for the natural gas utilities? If yes, what should be the extent and scope of the advisory group?
3. The draft rule uses a new term, “major distribution capital investment,” which is not tightly defined by a dollar value or otherwise. This definition is intended to provide separation of routine traditional maintenance of poles and other components from more significant capital expenditures that often have the potential for more than one solution. In those cases, a major distribution capital investment would call for analysis of all potential distributed energy resource options that satisfy the identified distribution need.
 - a. Would it be useful to include a dollar limit in the definition of “Major distribution capital investment”? For instance, the rule could state a cutoff using an estimated capital cost of over \$1 million. Are there other, better, criteria that the Commission should consider?
 - b. Is there a need to define a major distribution capital investment for natural gas utilities? If yes, should the criteria be the same as for electric utilities? How should it be different?
4. Distributed energy resources include a broad suite of evolving technologies. Electric utilities are learning through experience and experimentation how to efficiently integrate

and value these resources. In recognition of this changing landscape, the Commission wants to encourage significant and creative progress in the prudent adoption and implementation of distributed resources without being too prescriptive in rule. Given that context:

- a. Is there a recommended structure for organizing the distribution system plan that allows future flexibility as well as engendering significant near-term progress?
 - b. Is there specific language that would optimize the combined goals of flexibility and timely implementation?
 - c. How should pilot and demonstration projects be encouraged in rule?
 - d. What criteria should the utility use to evaluate when there is a need for a pilot or demonstration project as opposed to programs ready for full-scale implementation?
5. Recognizing that utilities are at various stages of modernizing their distribution systems, should the rule identify specific assumed fundamental requirements for enabling a modernized grid, such as:
- a. a two-way distribution communication system,
 - b. a distribution management system (DMS) that provides centralized and automated monitoring and control of the utility's distribution system,
 - c. a distributed energy resources management system (DERMS) that aggregates, monitors and controls distributed energy resources as dispatchable resources, or,
 - d. other physical infrastructure and software needed to manage and control a modernized grid?
 - e. Are the fundamental requirements the same for electric and natural gas utilities? If no, what fundamental requirements should be used for natural gas utilities?
6. When utilities submit biennial energy conservation reports to the Commission, they are required to provide an independent third-party evaluation of their conservation program achievements (See WAC 480-109-120(4)(b)(v)). Should a similar periodic independent review and evaluation of distribution plan results be required? If not, please explain why this should not apply.
7. Should the distribution plan conclude with an action plan? If so, what should be the time horizon for the action plan?
8. For the organization of WAC 480-100-238, would it provide greater clarity to reorganize the rule into smaller sections, maintain the same organization and numbering structure, or add a new rule section?

WRITTEN COMMENTS

Written comments in response to this Notice and the questions listed above must be filed with the Commission no later than **5 p.m., May 17, 2018**. The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing comments, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted via the Commission's Web portal at www.utc.wa.gov/e-filing or by electronic mail to the Commission's Records Center at records@utc.wa.gov. Please include:

- The docket number of this proceeding (U-161024).
- The commenting party's name.
- The title and date of the comment or comments.

An alternative method for submitting comments may be by mailing or delivering an electronic copy to the Commission's Records Center in .pdf Adobe Acrobat format or in Word 97 or later format on a flash drive, DVD, or CD. Include all of the information requested above. The Commission will post on its website all comments that are provided in electronic format. The website is located at the following URL address: <http://www.utc.wa.gov/161024>. Written comments should be addressed to:

Mr. Steven V. King
Executive Director and Secretary
Washington Utilities and Transportation Commission
P.O. Box 47250
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Questions concerning this notice may be addressed to Dave Nightingale, at (360) 664-1154 or david.nightingale@utc.wa.gov, or Kathi Scanlan, at (360) 664-1267 or kathi.scanlan@utc.wa.gov.

STEVEN V. KING
Executive Director and Secretary