

[Service Date July 1, 2010]

July 1, 2010

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(Comments on the Statement of Inquiry by Thursday, July 22, 2010)
(Reply Comments by Thursday, August 5, 2010)
And
NOTICE OF SECOND WORK SESSION
(To be held Wednesday, August 18, 2010, at 9:30 a.m.)**

RE: Inquiry on Regulatory Treatment of Renewable Energy Resources
Docket UE-100849

TO ALL INTERESTED PERSONS:

On May 19, 2010, the Washington Utilities and Transportation Commission (Commission) issued a Notice of Opportunity to File Written Comments in the above-referenced docket. The notice indicated that on June 30, 2010, the Commission would provide a consolidated issues list to help structure interested persons' comments. By this Notice, the Commission provides a Consolidated List of Issues and requests interested persons to file comments on the Statement of Inquiry in this proceeding by addressing the issues identified in the list. Comments should follow the structure of the list and are due by July 22, 2010.

The Commission also provides an opportunity for interested persons to provide reply comments by August 5, 2010.

Finally, this Notice invites interested persons to the work session on August 18, 2010, at 9:30 a.m. in Room 206 of the Commission's headquarters, at the Richard Hemstad Building, 1300 S. Evergreen Park Drive SW, Olympia, to discuss the topics on the Consolidated List of Issues and comments provided by interested persons. This list does not include all of the issues raised by the parties in their earlier submissions. The Commission has focused on those issues that it deems central to the main focus of this inquiry. However, should any person wish to comment on issues not included on this list but that he or she deems relevant, he or she may do so.

Consolidated List of Issues

General

- 1) *Definitions.* What is “*distributed generation*” as applied to solar PV projects? What is an “*integrated cluster of renewable resources*”?

Recovery of Costs and Demonstration of Need

- 2) *Determination of Prudence.* Does the Renewable Portfolio Standard (RPS) in I-937 supersede the “need requirement” used by the Commission for its determination of prudence? Why should the Commission treat the acquisition of a renewable different from the acquisition of a gas-fired plant when considering “need”?
- 3) *Integration of Renewables.* Will future acquisition of non-renewable resources that support the integration of renewable resources encounter the same demonstration of need issue? Discuss what new “litmus” tests may be necessary to evaluate the prudence of renewable integration generating resources and why the current tests may not be applicable.
- 4) *Increased Certainty of Recovery of Costs of Renewables.* Should the Commission take action to provide utilities with increased certainty for recovery of costs associated with renewable resources before they are constructed or acquired? What administrative actions should the Commission take to provide such increased certainty?
- 5) *Consideration of Costs for Pre-approved Facilities.* Assuming the Commission pre-approves an acquisition of a site for a renewable resource like a wind site, to what extent would the Commission be limited in its review of the costs at a later time?

Early Compliance with RPS

- 6) *Statutory Barrier.* Is the early acquisition of RPS resources limited by the Washington statutory provision (RCW 80.04.250) requiring an asset must be used and useful to earn a return?
- 7) *Changing Technology.* Does a company that acquires renewable resources early, run the risk of missing future technological changes that may have the potential to reduce the costs of the new resources if acquired at a later time?

- 8) *External Incentives.* To what extent should external incentives that are short-term in nature be a factor in Commission approval of acquisition of renewable resources in advance of RPS requirements (e.g., Production Tax Credits, Investment Tax Credits and Treasury Grants)? Will the subsidized costs attributed to external incentives compensate ratepayers for early recovery in rates?
- 9) *Additional Flexibility:* Does the Commission presently have authority to consider a more “flexible” or “systematic approach” for assessing renewable resources? If so, what specific mechanism is needed?

Renewable Energy Credits (RECs)

- 10) *Do Rules Conflict with Statute?* Does WAC 480-109-020 (1) (2) conflict with provisions in RCW 19.285.040(2)(e)? Discuss barriers to a company’s use of RECs caused by the statutory timing of their creation?
- 11) *WREGIS Agent.* What agency should be responsible for oversight of registration of renewable resources and confirmation of eligibility in Western Renewable Energy Generation Information System? Discuss the duties and responsibilities of a WREGIS Agent.
- 12) *REC Banking.* Does the current limited REC banking requirement impede renewable acquisition? How would unlimited banking of RECs remove barriers to the acquisition of RPS resources?

Incentives

- 13) *Incentives.* Should the Commission provide incentives, financial or otherwise, for utilities that exceed their RPS targets or meet them early? If financial incentives were provided, what incentive design would be appropriate and would the incentives be subject to any constraints? What would be examples of non-financial incentives?
- 14) *Impact on Ratepayers.* What would be the impact on ratepayers of providing incentives to utilities to exceed their RPS targets or meet them early?
- 15) *Consideration of Externalities.* To what extent may, or should, the Commission require a utility to consider “positive externalities” in resource acquisition, such as impact on local economy?

- 16) *Hydroelectric Generation.* How does the restrictive treatment of hydroelectric generation limit clean and low-cost renewable energy options to ratepayers? Does the restriction give companies a sufficient incentive to finance efficiency improvements in older hydroelectric projects?

Other Issues¹

- 17) *Allowing Expanded Area.* If the geographical area for qualifying energy was expanded to areas outside the Pacific Northwest, how would the increase in eligible resources available for RPS compliance benefit ratepayers? To what extent would the expansion of the geographical “footprint” allow for additional delivery flexibility?
- 18) *Decommissioning Requirements.* Discuss the statutory provisions that recognize the Commission’s primacy over the decommissioning of renewable resources held by a regulated utility. To what extent are counties providing for facility decommissioning requirements for regulated utilities and can the companies quantify the excess duplicative costs?
- 19) *Cost Cap for Renewables.* Does the current cost cap provided in RCW 19.285.050 *Resource Costs*, provide effective protection for ratepayers? How specifically should the Commission implement this Cost Cap?
- 20) *Costs and Benefits of Voluntary Green Power Programs.* How can ratepayers that participate in the voluntary green power program participate in the benefits of the program?
- 21) *Other Issues.* Comment on any other issue relevant to this inquiry that is not covered above.

The schedule for the Comments on the Statement of Inquiry, Reply Comments and Work Session are provided below.

¹ Discussion of some of these issues may involve legislative proposals. Though the primary focus of this Inquiry is on possible administrative actions by the Commission, a number of parties raised issues regarding the existing statutory framework. We list some of these here for comment. However, after reviewing these comments, instead of making a recommendation, the Commission may opt to simply summarize them for the various Legislative committees as well as for other entities considering legislative proposals.

July 22, 2010	Comments in response to the Statement of Inquiry (CR-101), using the Consolidated List of Issues provided herein, to include comments on the merits of conservation incentives.
August 5, 2010	Reply Comments due.
August 18, 2010	Second Work Session, beginning at 9:30 a.m., in the Commission's Hearing Room, Room 206, in Olympia.

WRITTEN COMMENTS AND WORK SESSIONS

The Commission requests that comments be provided in electronic format to enhance public access, for ease of providing responses, to reduce the need for paper copies, and to facilitate quotations from the comments. Comments may be submitted via the Commission's Web portal (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: UE-100849
- The commenting party's name.
- The title and date of the comment or comments.

An alternative method for submitting comments is to mail/deliver an electronic copy to the Commission's Records Center on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later format. Include all of the information requested above. 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/100849>.

If you are unable to file your comments electronically or to submit them on a disk, the Commission will always accept a paper document. Questions may be addressed to Danny Kermode at (360) 664-1253 or e-mail at dkermode@utc.wa.gov.

Your participation is welcomed via written comments and participation in any stakeholder work sessions. Information about the schedule and other aspects of this proceeding, including comments, will be posted on the Commission's web site as it becomes available. If you wish to receive further information on this rulemaking you may:

- Call the Commission's Records Center at (360) 664-1234.
- E-mail the Commission at records@utc.wa.gov.
- Mail written comments to the address below.

When contacting the Commission, please refer to Docket UE-100849 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
1300 South Evergreen Park Drive S.W.
P.O. Box 47250
Olympia, Washington 98504-7250

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 a manner described above and ask to be included on the mailing list for Docket UE-100849. If you do not do this, you might not receive further information about this proceeding.

Sincerely,

DAVID W. DANNER
Executive Director and Secretary