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Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

Submitted via web portal and email

**RE: UE-191023, Clean Energy Implementation Plan and Compliance with the Clean Energy Transformation Act**

The Public Generating Pool (PGP) appreciates the opportunity to provide comments to the Washington Utilities and Transportation Commission (UTC) in UE-191023, to promulgate new rules to implement certain sections of the Clean Energy Transformation Act (CETA). In Washington, PGP represents ten consumer-owned utilities that own and operate generating resources in the state. Collectively, PGP's members own almost 8,000 megawatts of generation and purchase approximately 45% of Bonneville Power Administration's preference power.

PGP's members are all consumer-owned utilities and, therefore, are not regulated by or subject to rules promulgated by the UTC. However, the questions related to the general framework that is established by the UTC and the Washington Department of Commerce (Commerce) for Clean Energy Implementation plans and more broadly to CETA compliance in general are relevant for all utilities in the state. These comments may help inform decisions made by the Commerce when establishing reporting requirements for consumer-owned utilities to demonstrate compliance with CETA.

PGP's primary interests related to the implementation of CETA are: (1) utilities **should** be enabled to meet the law in a least-cost manner; (2) rules **should** promote approaches to meeting the law that align with prudent utility practice and operations; (3) rules **should** support and not distort the efficient operation of wholesale electricity markets in the Northwest; (4) rules **should** recognize the authority of consumer-owned utility governing boards to interpret certain provisions of the law in order to fulfill their requirements to their customer-owners; and (5) rules **should** promote approaches that are auditable by the State Auditor's Office.

**Purpose of PGP's Comments**

PGP supports the goal for the UTC and Commerce to establish a generally consistent reporting process and framework for all utilities in the state, regardless of their ownership structure. A consistent approach will contribute to a common framework for use in long-range planning, and support efficiencies in wholesale electricity markets, ultimately leading to lower costs for utility consumers statewide. There may be some instances, however, where the level of specificity in reporting regulations and rules established for investor-owned utilities and consumer-owned utilities may diverge. These comments are aimed at highlighting PGP's

perspective on questions that are raised in the docket and areas where rules for consumer-owned utilities may not need to be as detailed as for the investor-owned utilities.

One of the key differentiating aspects and the basis for a divergence in rules would be in recognition of the role of the consumer-owned utility's governing board. The governing boards of consumer-owned utilities serve in a similar function to other policymaking bodies. They are nonpartisan, elected officials held responsible by their electorate to make decisions that optimize costs and benefits for the good of their constituents or consumers. They also serve in a similar capacity to that of the UTC for investor-owned utilities; they are responsible for setting rates and overseeing operations of the utility. The overall structure of a utility should be taken into consideration on the state's approach to rulemaking, given there are differing levels of specificity in policy direction provided to utilities under CETA, in recognition of the ownership structure of a utility.

The considerations listed above related to PGP's interests and the role of the governing boards of consumer-owned utilities serve as the guide for PGP's perspective on the issues addressed in this docket.

### **Resource adequacy within the Clean Energy Implementation Plan (CEIP)**

**1. CETA stresses the need to maintain system reliability and resource adequacy. RCW 19.405.060(1)((a)(iii) requires that the specific actions taken in a CEIP be consistent with the utility's resource adequacy requirements. What information should utilities include about their system reliability and resource adequacy in the CEIP? For example, should the utilities include detailed information about the resource mix it plans to use to meet system reliability and resource adequacy and how each resource type contributes?**

PGP response: The CEIP requires utilities to identify specific actions to meet the standards that are consistent with their long-range resource plan and resource adequacy requirements. Within integrated resource plans, utilities plan to meet peak load needs under a variety of futures and scenarios, and already include contingency resources through regional planning. Within the CEIPs, the utility will demonstrate that its plan for resource acquisition to meet its customer load and policy obligations should ensure it can meet its peak requirements, including any contingency reserves and planning margin. How the utility plans for this, demonstrates it, and what pertinent information is needed should be utility-specific in nature, and not prescribed in rule.

There are several reasons that utilities need flexibility in how it will determine and meet resource adequacy metrics:

- (1) There are regional processes underway to establish new approaches for utilities to measure and ensure a reliable system. Rather than establishing rules in advance of utilities understanding the outcome of the regional process, utilities should be allowed to identify the resource adequacy requirements for their specific utility based on the outcome of the regional process.
- (2) It is likely that the dialogue around establishing resource adequacy requirements will evolve as utilities gain a better understanding of changes in existing and future sub-hourly markets. Therefore, utilities should be afforded the latitude to construct a narrative describing how they intend to plan that ensures it will have sufficient and available resources to meet customer load.
- (3) Consumer-owned utilities in Washington have vastly different portfolios and systems. Some may be wholly within the Bonneville Power Administration's (BPA) Balancing Authority, in which case BPA would be responsible for ensuring Resource Adequacy. Others may operate and maintain their own Balancing Authority, which would necessitate a different set of studies. Instituting non-prescriptive and flexible rules will capture all cases adequately and will result in better outcomes.

### **Clean Energy Implementation Plan (CEIP) Targets**

**2. RCW 19.405.060(1) requires that by January 1, 2022, and every four years thereafter, each electric investor-owned utility must develop and submit to the Commission a four-year CEIP for the standards established**

under RCW 19.405.040(1) and 19.405.050(1). The plan must propose specific targets for energy efficiency, demand response, and renewable energy. The plan must also propose interim targets for meeting the standard in RCW 19.405.040(1) prior to 2030 and between 2030 and 2045.

- a. Should the rules provide that specific targets must be defined cumulatively for each four year period, or identified annually, within the four year compliance period?
- b. Should the Commission require utilities to identify interim targets by resource type or some other metric(s), such as percentage of sales to customers from non-emitting generation and renewable resources?
- c. Should the Commission require that interim targets be defined cumulatively or annually for the years prior to 2030? For the years between 2030 and 2045?

5. What level of additional detail, if any, should the specific CEIP targets include beyond the statutory language?

- a. For energy efficiency, the target required by the Energy Independence Act, RCW 19.285.040(1)(a), follows methods consistent with those of the Pacific Northwest Power and Conservation Council and only considers first year savings. Should the energy efficiency target in the CEIP be based on cumulative savings, savings projected over the lifetimes of measures implemented in a given program year, or capacity savings?
- b. For demand response (DR):
  - i. How should the Commission develop a cost test to identify cost-effective demand response, as referenced in the Commission's *draft* rules under WAC 480-100-610(12)(e) (*See Integrated Resource Plan Rulemaking, Docket UE-190698, Staff Discussion Draft Rules (Nov. 20, 2019)*)?
  - ii. Should demand response potential be considered only within a utility's service territory or encompass the utility's entire balancing authority?
- c. For renewable energy:
  - i. How should the utility calculate its target? Should it be a glide path to 2030, glide path to 2045, or both?
  - ii. How should the utility consider and account for the Energy Independence Act renewable targets, as referenced in RCW 19.285.040, and nonemitting resources, as referenced in RCW 19.405.040(1)(a)(ii), when calculating the utility's renewable target under CETA?

PGP response: PGP members view the CEIP process as a valuable process for early identification of a range of options and issues for their utility in achieving CETA compliance. PGP sees a close linkage between the Integrated Resource Plan (IRP) and the CEIP; statute dictates that the CEIP be "consistent with" a utility's IRP. The intent of the CEIP is not to bind utilities to a singular course of action, but rather to develop a robust planning process that provides the necessary framework through which the governing board can examine the various paths to compliance, hear from their customers through a public process, and ensure the utility can meet CETA requirements. Utilities establish actions that they may take to meet their CETA requirements through the CEIP, and the plan does not establish a binding compliance requirement.

PGP recognizes that due to rate-making structures, the UTC may establish different requirements for the information contained in IRPs and CEIPs and this is an area that rules between the two types of utilities may diverge. For consumer-owned utilities, PGP advocates that direction provided by Commerce for CEIP reporting requirements should be in the form of a checklist to ensure the utility considered and incorporated all required elements into their CEIP planning process. A model to consider is the checklist and instructions Commerce provides for utilities to submit integrated resource planning data, found [here](#). Not only does this approach recognize the authority of the governing board to establish the direction for its utility in planning to meet the

clean energy standards, it also provides a transparent, repeatable, and auditable product for the State Auditor's Office.

The checklist could include a requirement that the utility has met all the requirements of the law. As a review, the law prescribes that a utility's CEIP must include:

- Interim targets for meeting the greenhouse gas neutral standard prior to 2030;
- Targets for meeting the standard between 2030 and 2045;
- Specific targets for energy efficiency, demand response, and renewable energy;
- Alignment of content with the utility's Clean Energy Action plan, or for the 10-year resource plan required for small utilities;
- Consistent plans with the utility's average annual incremental cost of compliance;
- Specific actions to be taken throughout the 4-year planning horizon of the CEIP that demonstrate progress toward meeting the greenhouse neutral standard outlined in RCW 19.405.040(1) and no-carbon standard outlined in RCW 19.405.050(1) and the interim targets. The specific actions must:
  - Be consistent with the utility's long-range resource plan;
  - Be consistent with the utility's resource adequacy requirements;
  - Be informed by the utility's historic performance under median water conditions and resource capability;
  - Be informed by the utility's participating in centralized markets; and
  - Consider any significant and unplanned loss or addition of load it may experience.

Additionally, consumer-owned utility CEIPs must be adopted by its governing body and reviewed at a public meeting. After adoption, the plan must be submitted to Commerce and made available to the public.

To the extent that further detail should be considered on certain planning elements of the CEIP, PGP provides comments below.

***Annual vs. multi-year compliance periods:***

The law is clear that utility compliance with CETA 2030-2044 will be measured over each multi-year compliance period (see RCW 19.405.040(1)(a)(ii)), defined as January 1, 2030 through December 31, 2033; January 1, 2034 through December 31, 2037; January 1, 2038 through December 31, 2041; and January 1, 2042 through December 31, 2044. Therefore, as utilities plan for compliance in their CEIPs, the planning targets should be similarly calculated, as both cumulative and multi-year.

Last, to the extent possible, PGP supports aligning IRP and CEIP schedules.

***Interim targets:***

The law is silent regarding what interim targets utilities should establish in the CEIP. Because the law is silent, PGP advocates that rules should not prescribe what appropriate interim targets would be. Consumer-owned utilities and their governing boards should maintain authority to establish interim targets that address the needs of their service territory and specific timing of the acquisition of new energy efficiency, new supply side resources (non-emitting and renewable energy) as projects, programs and budgets permit. Moreover, rather than approaching the interim targets as a simple target, the plan should instead be used as a tool to highlight the utility's consideration of the most viable actions and options for complying with CETA.

In contrast, the law does lay out the process for proposing interim targets (see RCW 19.405.060(2)(a)), which are ultimately included in the CEIP. The CEIP must be adopted by the governing body through a public process before submittal to Commerce. This local authority is consistent with the process in the IRP statute. Additionally, the governing body can adopt more stringent targets and adjust or expedite timelines.

***Planning path for reaching compliance:***

For consumer-owned utilities, PGP advocates that rules should not prescribe the path utilities plan to take for reaching 80% carbon-free by 2030 or 100% by 2045. Rules should simply require that utilities lay out a plan for actions it will take to procure demand-side and supply-side resources in an amount equal to a minimum of 80% of their anticipated load over the standard's multiyear compliance periods. This plan should not be binding upon utilities, but rather represent the utility's optimal path at the time the plan is established. Changing conditions in the electric industry may provide superior options, or restrict certain courses of action, necessitating a departure from the stated plan. Utilities should be allowed to provide or update the narrative that addresses the other considerations required by the law, as outlined above in these comments.

**Demonstration of Compliance with RCW 19.405.030, .040, .050**

**10. The Commission uses a planning and reporting cycle for conservation under the Energy Independence Act described in WAC 480-109-120. Should Commission rules similarly describe the level and frequency of reporting for demonstrating compliance with RCW 19.405.030, 040, and 050?**

**11. Regarding the frequency of filings:**

- a. **Should utilities regularly file reports on their progress toward meeting compliance metrics?**
- b. **Does or should the frequency of the filings depend on the existence of a rate plan?**

**12. How must a utility demonstrate to the Commission that the utility has eliminated coal-fired resources from its allocation of electricity beginning in 2026, as required in RCW 19.405.030?**

PGP response: As indicated above, PGP's primary interests related to the implementation of CETA, and therefore compliance demonstration, are: (1) utilities' local governing board should have the authority to choose the best or least-cost manner to meet the law; (2) rules should promote approaches to meeting the law that align with prudent utility practice and operation; (3) rules should support efficient operations of electricity markets; (4) for consumer-owned utilities, rules should recognize the authority of consumer-owned utility governing boards to interpret certain provisions of the law to meet the needs of their consumers; and (5) for consumer-owned utilities, rules should promote approaches that can be replicated, are transparent, and can be audited by the State Auditor's Office.

PGP provides specific comments on issues associated with demonstrating compliance below.

***Frequency of compliance reporting:***

For consumer-owned utilities, PGP advocates that Commerce should consider establishing a multi-year compliance reporting timeline that aligns the utility's compliance demonstration for both the no-coal standard (RCW 19.405.030) and for demonstrating compliance with the greenhouse gas neutral standard 2030-2044 (RCW 19.405.040). Under this approach utilities would demonstrate compliance with the no-coal standard by the initial 2025 deadline, again in 2029, and then align the no-coal standard compliance with the greenhouse gas neutral standard compliance. Aligning the timing and frequency of reporting requirements is one way to streamline compliance filings. It could provide efficiencies and reduce the

number of reports utilities are required to develop in support of a least-cost approach to reporting and compliance. And, for consumer-owned utilities' compliance, it could reduce state audit costs.

The exact timing for reporting compliance with the greenhouse gas neutral standard will have to take into consideration a number of factors. First, there is a lag between when renewable generation occurs and when a renewable energy credit is created in the Western Renewable Energy Generation Information System (WREGIS), assuming that is the tracking system that is chosen by Commerce, and transferred to the utility for compliance. Additionally, for consumer-owned utilities, the State Auditor's Office will complete its audit at some point after the conclusion of the multi-year compliance period. Last, there may be some need for additional time after the completion of the multi-year compliance period for utilities to understand their full alternative compliance needs, whether filling resource gaps with unbundled renewable energy credits or measuring the full contribution of an energy transformation project. For these reasons, we believe it would be helpful to have further discussion regarding these issues and how they will impact the timing for a utility's demonstration of compliance.

***Demonstrating compliance with the no-coal standard:***

At the October 21, 2019, Commerce workshop, the concept of utilities providing an attestation that they did not use coal-fired resources from its allocation of electricity to retail electric customers was proffered. This approach would seemingly be a least-cost way for utilities to demonstrate compliance. There has been a suggestion that the utility's attestation "may require or rely on attestations of counterparties who supplied the electricity." If there are going to be additional requirements than the solo attestation, then utilities and stakeholders will need further discussion.

**Equitable Distribution of Benefits**

**17. RCW 19.405.040(8) states:**

**In complying with this section, an electric utility must, consistent with the requirements of RCW 19.280.030 and 19.405.140, ensure that all customers are benefiting from the transition to clean energy: Through the equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities; long-term and short-term public health and environmental benefits and reduction of costs and risks; and energy security and resiliency.**

- **Please provide a list of costs and benefits (e.g., public health, pollution) that the Commission should consider when determining a utility's compliance with RCW 19.405.040(8).**
- **Please provide a list of which geographic areas, populations, customer demographics, or other factors the Commission should consider when determining a utility's compliance with RCW 19.405.040(8).**

**18. In the Commission's IRP rulemaking in Docket UE-190698, many stakeholders commented that the Commission should determine compliance with RCW 19.405.040(8) as part of the CEIP process. If the Commission were to do so, what types of guidance on RCW 19.405.040(8) compliance should the Commission provide in its CEIP rules? If the Commission were to provide guidance on RCW 19.405.040(8) compliance in a form other than rules (e.g., an interpretive and policy statement), what type of guidance should the Commission provide ? Please be as specific as possible in your responses.**

**19. Should a utility's demonstration of compliance with the requirements in RCW 19.405.040(8) include qualitative data, quantitative data, or both? Please explain your response. If you recommend qualitative data, which of the following approaches for approximating hard-to-quantify impacts are most appropriate: (a) service territory- specific studies; (b) studies from other service territories; (c) proxies; (d) alternative thresholds; or (e) or another approach? Does your response depend on a particular factual scenario? If so, please describe the scenario and explain why the approach you recommend is best suited for that scenario.**

**20. Please provide any existing data sources or methodologies of which you are aware for quantifying non-energy costs and benefits, and other equity-related impacts.**

**21. How should the Commission interpret RCW 19.405.060(1)(c)(iii)? How are the requirements in that statute different than the requirements in RCW 19.405.040(8)?**

PGP response: The equitable distribution of benefits of the clean energy transition to customers incorporates a number of new concepts for utilities to evaluate, including factors related to specific demographics of the utility's unique customer base. For these reasons, PGP recommends that any rules related to compliance with RCW 19.405.040(8) should be flexible, high level, and consistent with the legal limitations and purposes for which ratepayer money can be expended.

This may be an area in which rules between investor-owned utilities and consumer-owned utilities may diverge. A helpful approach for consumer-owned utilities would be for Commerce to provide draft definitions for terms used in the law to further help utilities understand the requirements. It would also be helpful for Commerce to provide examples of equity measures or indicators that utilities may consider in their planning, process, and programs.

PGP recommends that the best approach to compliance, especially as stakeholders gain experience in the issues involved in this topic, is through a narrative that touches on relevant aspects to the particular utility's customer base. As discussed at the February 5 workshop on equity, utilities may already be addressing related issues and may just need to connect-the-dots and compile information in a single compliance reporting section.

It is PGP's understanding that Commerce and the UTC will be holding a workshop this spring that may provide more in-depth discussion regarding further defining terms that are used in the law, whittling down appropriate factors that should be considered by a utility, and identifying in what process the factors should be considered.

### **Conclusion**

PGP looks forward to continuing ongoing collaboration with the UTC, Commerce, and other stakeholders to work through implementation of CETA. If you should have any questions, please do not hesitate to call or email me.

Sincerely,



Therese Hampton, Executive Director  
Public Generating Pool

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