

Agenda Date: April 9, 2003
Item Numbers: C1, C2, and C3

Dockets: UE-030311/UE-030423/UG-030312

Subject: Consider Rulemaking Procedures to review WAC 480-100-238, Least Cost Planning (Electric Companies) and WAC 480-90-238, Least Cost Planning (Gas Companies), and Chapter 480-107 WAC “Electric companies purchases of electricity from qualifying facilities and independent power producers and purchases of electrical savings from conservation suppliers”

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Recommendation:

Direct the Secretary to file Preproposal Statements of Inquiry (CR-101s) in Dockets UE-030311/UG-030312 to review WAC 480-100-238 and WAC 480-90-238, rules relating to least cost planning (LCP) by electric and gas companies, and in Docket UE-030423 to review Chapter 480-107 WAC relating to electric companies purchases from qualifying facilities, independent power producers and conservation suppliers.

Background:

During the period 1999 to 2001, the Washington Utilities and Transportation Commission conducted a comprehensive review of Chapters 480-90 WAC, Gas Companies – Operations and Chapters 480-100 WAC, Electric Companies, in fulfillment of Executive Order 97-02 requirements. WAC 480-90-238 and WAC 480-100-238, Least cost planning, were deferred from that review for further study pending the availability of sufficient resources. Chapter 480-107 WAC “Electric companies purchases of electricity from qualifying facilities and independent power producers and purchases of electrical savings from conservation suppliers” was also deferred from review. Staff

believes that this is an appropriate time to conduct such a review. This review will examine whether the current rules provide the results that they were originally intended to achieve and whether the rules are consistent with laws, with appropriate and lawful policies, and with the advances in technology in the electric and gas industries. In the case of the Least-Cost Planning rules, subjects included in the review may cover but are not limited to:

- the roles of risk and uncertainty in resource planning,
- the role of demand management,
- the role of resource diversity, resource adequacy, and hedging,
- planning issues, such as planning horizons and filing deadlines,
- portfolio analysis,
- rule process and enforcement issues,
- the relationship of least-cost plans to Commission review of specific generation, supply, or demand response projects,
- the relevance of any changes in policies or requirements at the federal level, and
- appropriate uses of least-cost plans.

In the case of Chapter 480-107 WAC, subjects included in the review may cover but are not limited to:

- conditions that trigger a Request for Proposals (RFP) process, such as a LCP filing or a “need for power” event,
- conditions to waive a RFP process,
- schedule for a RFP process,
- staff role in a RFP process,
- the need to clarify the beneficiary of competitive markets under regulated monopolies, specifically fairness for providers or reasonableness for consumers,
- the need to ensure that only non-interested parties are reviewers of the RFP and the bidding process,
- discussion of approval of acquisitions and projects prior to a general rate case,
- consistency with Chapter 480-146 WAC “Securities and Affiliated Interests,” and
- consistency with the Energy Policy Act (EPACT) and FERC 888/889 for wheeling issues.

Conclusion:

Staff recommends that the Commission direct the Secretary to file Preproposal Statements of Inquiry (CR-101s) in Dockets UE-030311, UE-030423, and UG-030312.