

[Service Date October 4, 2013]



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION
1300 S. Evergreen Park Dr. S.W., P.O. Box 47250 • Olympia, Washington 98504-7250
(360) 664-1160 • www.utc.wa.gov

October 4, 2013

NOTICE OF WORKSHOP
(Set for Tuesday, November 12, 2013, at 1:30 p.m.)
AND
NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS
(By Monday, December 2, 2013)

RE: Rulemaking for Energy Independence Act, WAC 480-109
Docket UE-131723

TO ALL INTERESTED PERSONS:

On October 2, 2013, the Washington Utilities and Transportation Commission (Commission) filed with the Office of the Code Reviser a Preproposal Statement of Inquiry (CR-101) to examine whether revised regulations are needed to govern the Commission's implementation of Initiative Measure No. 937, titled the Energy Independence Act (EIA). Washington voters approved the EIA on November 7, 2006, now codified at chapter 19.285 RCW. The Commission adopted EIA rules on November 30, 2007, by General Order R-546 in Docket UE-061895, promulgated as chapter 480-109 WAC. Since adoption of these rules, the Legislature has enacted several amendments to the EIA.

The CR-101, as filed with the Code Reviser, is available for inspection on the Commission's website at www.utc.wa.gov/131723. 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.

The EIA requires electric utilities with over 25,000 customers to obtain 15 percent of their electricity from new renewable resources such as solar and wind by 2020 and to pursue all cost-effective energy conservation. The three large investor-owned electrical companies regulated by the Commission must comply with these requirements. The EIA provides that the Commission "may adopt rules to ensure the

proper implementation and enforcement of this chapter as it applies to investor-owned utilities” and that the rules “may be revised as necessary to carry out the intent and purposes of this chapter.” RCW 19.285.080(1), (4). This inquiry may lead to proposed revisions to rules in chapter 480-109 WAC.

Under the EIA, the Commission is responsible for determining “compliance with the provisions of this chapter and assess[ing] penalties for noncompliance” as those provisions apply to investor-owned utilities. RCW 19.285.060(6). Specifically, the Commission must determine investor-owned utility compliance with the following provisions of the EIA:

- Assessment of energy conservation potential, conservation targets and conservation performance. RCW 19.285.040(1).
- Renewable resource targets and exceptions. RCW 19.285.040(2) and RCW 19.285.050.
- Penalties for noncompliance and whether such penalties may be recovered in customer rates. RCW 19.285.060(2), (3), (4) and (6).
- Annual reporting requirements to utility customers and the Department of Commerce. RCW 19.285.070.

The Commission’s primary objective in this rulemaking is to propose rule revisions necessary to promote effective, efficient, and practical implementation of the EIA as amended since this Commission adopted rules in 2007.

Additionally, the Commission has issued orders adopting conservation targets, determining conservation target compliance, determining if investor-owned utilities have sufficient eligible renewable resources to meet EIA requirements and has entered orders in response to requests for declaratory orders. The Commission will review these orders within the scope of this inquiry to determine if decisions in these orders warrant revisions to the rules.

Finally, the Commission will examine its policy and interpretive statements to determine if any rule revisions are necessary with regard to those interpretations.

To assist this investigation, the Commission invites interested persons to submit comments responding to the following questions.

A. Conservation Targets and Performance:

- 1) RCW 19.285.040(1)(a) requires companies to develop a 10-year conservation assessment and RCW 19.285.040(1)(b) requires the establishment of a biennial conservation target. WAC 480-109-010(1)(a)(ii) allows the 10-year conservation potential assessment to be calculated based on a proportionate share of Washington retail sales and the Northwest Power and Conservation Council’s (Council’s) projected conservation resource target for Washington,

informally referred to as the Council calculator. Through current practice, the utilities under the Commission's jurisdiction adapt the Council's methodology to their service territories and conduct the conservation potential assessment through their integrated resource plans. Is it appropriate for the Commission to eliminate, in rule, the option for utilities under its jurisdiction to use the Council calculator?

- 2) WAC 480-109-010(2)(a) requires utilities to establish biennial conservation targets and "identify all achievable conservation opportunities." Conservation opportunities can include: traditional utility-run programs of end-user conservation measures, regional market transformation programs, behavior change, transmission and distribution efficiency, and generation site conservation programs. Should the rule address how these different resources factor into the conservation target setting process?
- 3) Annual Reporting on conservation achievement is required at WAC 480-109-040(1)(a). Should the Commission adopt more explicit standards for reporting conservation achievements?

B. Renewable Resource Targets and Performance:

- 1) What verification of contracts for renewable resources, system dispatch data, or other information should the Commission require regulated utilities to file when requesting an order of compliance with renewable portfolio standards?
- 2) The definition of an eligible renewable resource at RCW 19.285.030(11)(b) includes electricity produced by incremental efficiency improvements to Northwest hydroelectric plants. What methods and documentation should the Commission require of an electric utility that is claiming incremental hydroelectric generation efficiency improvements as eligible renewable resources?

WRITTEN COMMENTS

Written comments on the CR-101 inquiry and the questions listed above must be filed with the Commission no later than **5:00 p.m., Monday, December 2, 2013**. 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@wutc.wa.gov. Please include:

- The docket number of this proceeding (UE-131723).
- 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 on a 3 ½ inch, IBM-formatted, high-density disk, in .pdf Adobe Acrobat format or in Word 97 or later format, a flash drive, or CD. 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 the following URL address: www.utc.wa.gov/131723.

If you are unable to file your comments electronically, the Commission will accept a paper document. Questions may be addressed to David Nightingale at (360) 664-1154 or at dnightin@utc.wa.gov.

STAKEHOLDER WORKSHOP

In addition to filing written comments, interested persons are invited to attend a stakeholder workshop on **Tuesday, November 12, 2013, beginning at 1:30 p.m., in Room 206, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.**

The Commission's teleconference bridge line will be available for the workshop. The Commission prefers and recommends that interested persons participate in person and share ideas in a workshop setting. However, if this imposes a hardship, interested persons may participate at the workshop via the Commission's teleconference bridge at **(360) 664-3846**. The conference bridge, however, is limited to 22 access lines.

Stakeholders will have further opportunity for comment. Information about the schedule and other aspects of the rulemaking, including comments, will be posted on the Commission's website as it becomes available. If you wish to receive further information on this rulemaking you may:

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

When contacting the Commission, please refer to Docket UE-131723 to ensure that you are placed on the appropriate service list(s). 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 one of the ways described above and ask to be included on the mailing list for Docket UE-131723. If you do not do this, you might not receive further information about this rulemaking.

STEVEN V. KING
Executive Director and Secretary