

[Service Date April 9, 2014]



**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](http://www.utc.wa.gov)*

April 9, 2014

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS**  
**(By Friday, May 9, 2014)**  
**AND**  
**NOTICE OF WORKSHOP**  
**(Set for Thursday, May 15, 2014, at 9:30 a.m.)**

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 rules to implement the EIA on November 30, 2007, by General Order R-546 in Docket UE-061895, promulgated as chapter 480-109 WAC. On October 4, 2013, prior to drafting any revised rule language the Commission issued a notice of opportunity to file written comment regarding the need to revise chapter 480-109 WAC. Comments were due on December 2, 2013, and the Commission accepted additional comments during a workshop held on November 12, 2013. A summary of the comments submitted is available on the Commission's website.

All documents submitted to or issued by the Commission in this matter are available on the Commission's website located at: <http://www.utc.wa.gov/131723>.

The Commission solicits feedback on the informal draft revision published today on its website. Clean and redlined versions of the informal draft rules are available on the Commission's website at [www.utc.wa.gov/131723](http://www.utc.wa.gov/131723). The informal draft revision issued today is not a formal proposed rule revision.

Also available on the Commission's website is a memo from an Assistant Attorney General interpreting the requirement that utilities pursue all cost-effective conservation under RCW 19.285.040(1). This memo supports both the informal draft's definition of "pursue all" in WAC 480-109-007(20) and the process described in WAC 480-109-010(4).

To further its investigation, the Commission invites interested persons to comment on both the informal draft rules issued today and the following questions. The Commission welcomes comments and suggestions to improve the existing rules in addition to the questions posed below.

Incremental hydropower calculation - WAC 480-109-020(7)

Informal draft WAC 480-109-020(7) provides three methods for calculating incremental hydroelectric power that may qualify as an eligible renewable resource. Under Methods 2 and 3, a utility selects an historical period, and uses the historical period to determine a normal or average river discharge. The draft rule does not specify the minimum length of the historical period over which utilities must determine river discharge, instead including the placeholder "XX." The Commission intends to select a number of years that achieves a reasonably accurate representation of the normal or average river discharge, balancing the need for precision against the administrative burden of using a large database of information. The Commission generally encourages the use of as many years as possible to provide a large sample size, which is more likely to produce a historically representative sample than a small sample size. The Commission does not know what decline in accuracy will result from the use of a smaller historic period, or the administrative burden reduction achieved by using a smaller historic period. In the absence of compelling analysis and documentation demonstrating the impact on precision of using a smaller number of years, the Commission may require the use of a historical period with all available years.

1. How should an historic period be selected to best account for climatic variability and cyclical climate patterns? Please provide analysis or documentation to support your recommendation.

2. What is the appropriate number of years of river discharge data a model should use to provide unbiased calculations of incremental hydroelectric production? Please provide analysis or documentation to support your recommendation.
3. How does a normal or average historic river discharge calculated with shorter historic periods compare to one calculated with multiple decades of data? Please provide a narrative explanation of your findings.
4. How does the use of a greater number of years in the data set for determining the normal or average historic water year increase the administrative burden? Please quantify the administrative burden.

#### Incremental cost calculations - WAC 480-109-040(2)(a)(i)

Informal draft WAC 480-109-040(2)(a)(i) requires incremental cost calculations to include integration costs, but does not provide a methodology for utilities to identify and quantify those integration costs.

- Is it necessary for the Commission to require the use of a specific methodology to calculate integration costs? If so, please describe.

#### Measuring progress across reporting periods

The Commission's rules require the reporting of biennial conservation achievement and annual renewables achievement relative to targets, but do not assess the utilities' broader progress in meeting the EIA's policy to "increas[e] energy conservation" and "protect clean air and water."<sup>1</sup> The reports could be enhanced to reflect the statutory policy by including basic metrics that monitor reductions of load or emissions in utility service territories across reporting periods.

Metrics could parallel or be derived from sources such as average annual use per residential, commercial and industrial customer, as regularly submitted in Commission Basis Reports of use by customer class;<sup>2</sup> energy intensity metrics calculated by the federal Energy Information Administration, and adapted to the local level;<sup>3</sup> and

---

<sup>1</sup> RCW 19.285.020.

<sup>2</sup> WAC 480-100-257; see e.g., Docket UE-140529, *Electric Commission Basis Report for the 12 month period ending December 31, 2013 per WAC 480-100-257 on behalf of Avista Corporation*, pages 194-195 (weather normalized usage and customer counts).

<sup>3</sup> <http://www.eia.gov/todayinenergy/detail.cfm?id=10191#>. "A country's energy intensity is usually defined as energy consumption per unit of gross domestic product."

greenhouse gas emissions data, as reported in statistics on electricity consumption by the Department of Ecology, and adapted to the local level.<sup>4</sup>

1. On which metrics should the Commission rely to monitor energy and emissions intensity trends in utility service territories?
2. Should the rule require reports to include available energy and emissions intensity metrics?

## WRITTEN COMMENTS

Written comments on the draft rules and the questions listed above must be filed with the Commission no later than **5:00 p.m., Friday, May 9, 2014**. 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. It is highly recommended that comments be provided using the standard form that can be downloaded from the Commission website. Comments may be submitted via the Commission's Web portal at [www.utc.wa.gov/e-filing](http://www.utc.wa.gov/e-filing) or by electronic mail to the Commission's Records Center at [records@wutc.wa.gov](mailto:records@wutc.wa.gov). If not using the standard electronic form, please include:

- The docket number of this proceeding (UE-131723).
- The commenting party's name.
- The title and date of the comment or comments.
- Explanation of each topic or issue of concern or clarification.
- Suggested specific language or other modifications to the draft rule to solve the concern or clarification.

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.

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 e-mail at [dnightin@utc.wa.gov](mailto:dnightin@utc.wa.gov).

---

<sup>4</sup> "The emission inventory shows GHG emissions in million metric tons (MMt) of carbon dioxide equivalent (CO<sub>2</sub>e). Using carbon dioxide equivalent as a measurement allows us to compare the global warming potential (GWP) of different GHGs more easily." *Washington State Greenhouse Gas Emissions Inventory*, Department of Ecology, at 2, available at <https://fortress.wa.gov/ecy/publications/publications/1202034.pdf>.

Documents submitted to or issued by the Commission in this matter are available on the Commission's web site located at: <http://www.utc.wa.gov/131723>.

## STAKEHOLDER WORKSHOP

In addition to filing written comments, interested persons are invited to attend a stakeholder workshop on **Thursday, May 15, 2014, beginning at 9:30 a.m., in Room 206, Richard Hemstad Building, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.**

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](mailto: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

STEVEN V. KING  
Executive Director and Secretary