

[Service Date March 14, 2007]

March 14, 2007

**NOTICE OF WORKSHOP**  
**(To be held Monday, March 26, 2007, 10:00 a.m.)**

RE: *Rules to implement the Energy Independence Act*  
Docket UE-061895

TO ALL INTERESTED PERSONS:

On January 24, 2007, the Washington Utilities and Transportation Commission (UTC) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to examine whether new or revised regulations are needed to govern the Commission's implementation of the Energy Independence Act (Act). The Act is the result of Initiative No. 937 that passed by public vote on November 7, 2006. The Act is now codified at RCW 19.285.

The Act requires the three investor-owned electrical companies regulated by the UTC, as well as certain large publicly owned electrical companies, to undertake cost-effective energy conservation and to obtain 15 percent of their electricity from new renewable resources such as geothermal and wind by the year 2020. The Act provides that the UTC "may adopt rules to ensure the proper implementation and enforcement of this chapter as it applies to investor-owned utilities." *RCW 19.285.080*. On January 24, 2007, the UTC began its inquiry into whether to propose new rules and/or amendments to existing rules to implement the Act by filing a CR-101 with the Office of the Code Reviser.

On January 30, 2007, the UTC issued a notice requesting comment on or before, February 26, 2007, regarding the preferred approaches to implementing the Act.<sup>1</sup> This notice included a series of questions covering the four principle themes of the Act: conservation, renewable energy, reporting and penalties. The comments received in response to the notice revealed that interested parties had wide differences

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<sup>1</sup> The notice requesting public comment, the responses to that notice and the CR-101 are available for inspection on the UTC's web site at <[www.wutc.wa.gov/061895](http://www.wutc.wa.gov/061895)>. If you are unable to access the Commission's web page and would like a copy of any of these documents mailed to you, please contact the Records Center at (360) 664-1234.

in preferences regarding the form and content of any rules resulting from this process. A summary of the comments received is posted to the UTC's web site at [www.wutc.wa.gov/061895](http://www.wutc.wa.gov/061895).

After considering the diversity of these comments, as well as recommendations by UTC staff, the UTC developed an initial set of draft rules. These draft rules are also available at [www.wutc.wa.gov/061895](http://www.wutc.wa.gov/061895). The UTC emphasizes that this draft regulatory language may be far from final, both in terms of content and organization. The UTC developed the draft rules to be a starting point for discussion of possible rules to implement the Act. In this regard, the UTC finds it appropriate to convene a workshop to facilitate this discussion.

**WORKSHOP.** The Commission will convene a workshop on Monday, **March 26, 2007, beginning at 10:00 a.m., in Room 206, 1300 S. Evergreen Park Drive S.W., Olympia, Washington.** If you cannot attend the workshop, you can arrange to dial into the Commission's conference bridge at (360) 664-3846. All comments received to date and other relevant documents will be posted to the Commission's web site at [www.wutc.wa.gov/061895](http://www.wutc.wa.gov/061895). An agenda for the workshop will be posted to the Commission's web site prior to the workshop. If you are unable to access the Commission's web page and would like a copy of the agenda, when it becomes available, please contact the records center at (360) 664-1234.

The Commission welcomes participation in the workshop by all interested persons, including potential providers of renewable energy and conservation, the investor-owned utilities regulated by the Commission, non-jurisdictional public utilities and cooperatives, environmental organizations and other interested parties. The Commission wishes to take into account the perspectives and ideas of the broadest possible range of participants when developing these rules. The workshop will be divided into five parts: conservation requirement, renewable resource requirements, reporting requirements, penalties, and other issues.

In particular, workshop participants should be prepared to address the following topics:

- 1) What process should the UTC use to establish the conservation target? How should interested parties participate in this process?
- 2) If a utility acquires more conservation than its target, what effect should that situation have, if any, on the establishment of, or the determination of compliance with, the utility's next biennial conservation target?

- 3) What process should the UTC use to determine whether utilities achieved their conservation and renewable energy target? How should interested parties participate in this process?
- 4) The statutory language regarding qualifying renewable resources states that:  
“A qualifying utility may count the incremental electricity produced as a result of efficiency improvements completed after March 31, 1999, to hydroelectric generation projects owned by a qualifying utility and located in the Pacific Northwest...” (RCW 19.285.030(10)(b))  
  
Does this language allow a qualifying utility to take credit for the incremental electricity produced as a result of improvements to a hydro-generating facility owned by another qualifying utility if those improvements resulted from specific contract provisions?
- 5) What renewable credits, if any, should be assigned to a biomass based resource that receives sawdust/scrap wood from a mill that processes both old and non-old growth trees? Is it appropriate to allow an otherwise eligible biomass resource to receive a *de minimis* amount of wood from old growth trees?
- 6) How may the UTC distinguish between a shaping contract from outside the Pacific Northwest which would render a renewable resource ineligible to count towards the renewable resource requirement and a load following contract that presumably would not affect renewable resource eligibility?
- 7) What criteria should the UTC consider if a utility requests to recover administrative penalties in rates?

The Commission welcomes additional comments in this inquiry. Comments may be submitted in writing either before or at the workshop.

If you have any questions regarding the workshop, please contact Nicolas Garcia at [ngarcia@wutc.wa.gov](mailto:ngarcia@wutc.wa.gov) or by calling (360) 664-1346.

Sincerely,

CAROLE J. WASHBURN  
Executive Secretary