

Agenda Date: November 7, 2019
Item Numbers: A1, A2, A3, A4

Dockets: UE-180259, Pacific Power & Light Company
Company: UE-180607 and UG-180608, Puget Sound Energy
UE-180738, Avista Corporation

Staff: Kathi Scanlan, Senior Resource Planning Manager (acting)

Recommendation

Commission staff (staff) recommends the commission grant the petitions as filed on October 28, 2019, in Dockets UE-180259, UE-180607, UG-180608, and UE-180738.

Background

Under the current commission rules, electric utilities must file integrated resource plans (IRPs) at least every two years pursuant to WAC 480-100-238(4), and the commission must hold a hearing on the plan pursuant to WAC 480-100-238(5).¹ The statutory requirements governing electric IRPs are less stringent. Under RCW 19.280.030, utilities must file an IRP at least every four years, and produce a progress report reflecting changing conditions and the progress of the IRP at least every two years. The statute governing electric IRPs does not require a hearing. There is no statutory requirement for gas integrated resource plans.²

The legislation passed in 2019 updated the statutory requirements for electric IRPs and created a separate, new planning requirement called the clean energy implementation plan (CEIP). The new legislation also directed the commission to issue rules related to IRPs. On August 27, 2019, the commission issued its Energy Legislation Implementation Plan in Docket U-190485 for developing rules to address these new statutes. Rulemakings on purchases of electricity, integrated resource plans, clean energy implementation plans, and Energy Independence Act updates are required to be completed by December 31, 2020. On October 28, 2019, staff sent a notice to stakeholders in Docket U-190485, informing interested parties of the petitions for temporary exemption from commission rules related to IRPs.

Discussion

IRP Acknowledgement - Staff asserts the 2019 IRPs may have limited future relevance and are unlikely to be fully CETA-compliant. Without an exemption from commission rule, this would create a situation in which the 2019 filings should not be acknowledged by the commission because it does not comply with statute. Staff believes it would be unfair to penalize companies for failure to comply with a statute enacted halfway through the drafting process. The commission's standard practice is to issue letters acknowledging that integrated resource plans are consistent with the rules. In its petition, staff requests that the commission suspend the

¹ The same requirements exist for natural gas IRPs under WAC 480-90-238(4) and (5).

² The commission promulgated natural gas IRP rules (WAC 480-90-238) under RCW 80.01.040 and 80.04.160.

practice of acknowledging IRPs until December 31, 2020. Instead, staff requests that the 2019 electric filings are accepted as progress reports to ensure compliance with RCW 19.280.030(1).

Exemptions - Staff seeks an exemption from WAC 480-100-238(4) until December 31, 2020, also waiving WAC 480-100-238(4), which requires companies to file an IRP in 2019.³ The petitions also request that the commission consider the 2019 filings as progress reports rather than full IRPs. Staff contends considering these filings as progress reports is much more appropriate because it avoids the utility making an IRP filing that does not incorporate the new statutory requirements.

Staff also seeks an exemption from WAC 480-100-238(5) until December 31, 2020, which requires staff to consult with the utility in the development of the IRP and requires the commission to hear comment at a public hearing after the final plan is submitted. Staff believes that spending resources developing new rules required by statute is a better use of stakeholder resources than spending effort reviewing IRPs based on rules that will expire on December 31, 2020. Staff notes another advantage: it provides greater time for staff to develop the required expertise in modeling that will be necessary for commission review of IRPs under the new law.

Lastly, for Puget Sound Energy (PSE), staff also requests an exemption from the gas IRP rule, WAC 480-90-238(4) and (5), which the company combines with its electric.

2021 IRP - Staff requests that the commission establish due dates of January 4, 2021, for the next draft IRP, and April 1, 2021, for the final IRP which will be filed in a new docket. These requests are being made in all three electric IRP dockets to ensure that the electric IOUs can meet current and future planning requirements under Engrossed Second Substitute Senate Bill 5116, which was signed into law on May 7, 2019. The due dates suggested by staff would allow the next IRPs to be compliant with the new IRP rules, which are expected to be completed by December 31, 2020.

Stakeholder Outreach - Staff communicated its intention to file this petition, including requesting progress reports in mid-October. Staff engaged in discussions with the utilities and other stakeholders participating in the 2019 IRP technical advisory group process, such as the Northwest Energy Coalition and Vashon Climate Action Group. Lastly, staff filed a notice to stakeholders to interested parties on the service list of Docket U-190485, informing parties of staff's petitions related to the temporary exemption from commission rules related to IRPs. Overall, stakeholders acknowledge the relative importance of the 2021 IRP, which should be in full compliance with new legislative directives, as compared with the 2019 IRP.

On October 29, 2019, Mr. James Adcock filed comments regarding staff's petition in PSE's 2019 IRP in Docket UE-180607, neither supporting nor opposing staff's request for exemption. Mr. Adcock expressed concern regarding the lack of two-way dialogue and technical exchange

³ And from WAC 480-90-238(4) and (5) in UG-180608. Staff intends to address the other gas IRPs at a later date, but petitioned for both Gas and Electric in PSE's case because its IRPs are consolidated.

between PSE and the 2019 IRP Technical Advisory Group members, and also highlighted issues related to timing and the ramp required in the Clean Energy Transformation Act (CETA).

On November 1, 2019, Public Counsel filed comments in the IRP dockets generally supporting staff's petition.⁴ They also requested that the commission require utilities provide the inputs and results of any modeling, the revenue requirement of runs conducted, and identification of preferred portfolios resulting from the utility's 2019 IRP analysis to help guide utilities' decision-making in the near term. Further, Public Counsel requested the commission require utilities show how they addressed requirements contained in CETA in their IRP modeling and asked the commission not to curtail public involvement completely for the IRPs, allowing the public to file written comments along with information regarding how individuals may communicate with the commission.

Conclusion

Staff requests that the commission grant its petitions for exemptions from rule for all three electric utilities. Staff also requests a specific exemption from IRP gas rules for Puget Sound Energy's gas IRP, which is combined with its electric IRP. Staff recommends the commission refrain from its practice of issuing a letter of acknowledgement until December 31, 2020, and instead recognize the 2019 IRP filings as progress reports. Finally, staff requests that the commission issue an order setting the next IRP due dates for January 4, 2021, for the draft IRP, and April 1, 2021, for the final IRP.

⁴ IRP Dockets UE-180259, UE-180607, UG-180608, UE-180738