



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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September 20, 2024

**NOTICE OF OPPORTUNITY TO FILE WRITTEN
COMMENTS (By October 20, 2024, at 5 p.m.)**

**NOTICE OF WORKSHOP
(Set for October 25, 2024, at 2 p.m.)**

Re: Rulemaking required to implement ESHB 1589,
Docket U-240281

TO ALL INTERESTED PERSONS:

On May 10, 2024, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to engage in a Commission rulemaking required to implement ESHB 1589 (Chapter 351, Laws of 2024). The Commission filed the CR-101 under Docket U-240281.

ESHB 1589, codified in RCW 80.86 directed the Commission to adopt rules by July 1, 2025, to implement consolidated planning requirements for large combination utilities that allow for integrated system plans that may satisfy requirements for existing statutorily required plans. The Legislature also directed the Commission to adopt by rule a cost test for emissions reduction measures achieved by large combination utilities to comply with state clean energy and climate policies.

The CR-101, as filed with the Code Reviser, is available for inspection on the Commission's website at <https://www.utc.wa.gov/casedocket/2024/240281/docsets>. If you are unable to access the Commission's web page and would like an electronic copy of the CR-101 emailed to you, please contact the Records Center at (360) 664-1234.

On June 28, 2024, the Commission held an initial public workshop to solicit feedback from the public and interested parties on the scope of the rulemaking.

The Commission is now seeking written comments by 5 p.m., October 21, 2024, for feedback on the rule language developed so far. The conversation will continue through a second workshop held on October 25, 2024, at 2 p.m.

Cost Test required by RCW 80.86.020(10): The Commission is required to establish by rule a cost test for emissions reduction measures achieved by large combination utilities to comply with state clean energy and climate policies. The cost test must be used by large combination utilities under this chapter for the purpose of determining the lowest reasonable cost of decarbonization and electrification measures in integrated system plans, at the portfolio level, and for any other purpose determined by the commission by rule.

The Commission intends to host three technical conferences in the Fall and Winter of 2024, with the goal of refining and developing additional Cost Test rule language and tools. In September 2024, the Commission anticipates issuing a Notice for these conference dates and will include specific questions for interested parties to provide feedback on the Cost Test component of this rulemaking.

QUESTIONS FOR CONSIDERATION

The Commission seeks comment on the draft rule language. The questions for consideration relate to implementation of *proposed* consolidated planning requirements for gas and electric services for large combination utilities, which under RCW 80.86 may include plans required under RCW 19.280.030, RCW 19.285.040, RCW 19.405.060, RCW 80.28.380, RCW 80.28.365, RCW 80.28.425, and RCW 80.28.130. In Table 1, below, the Commission identifies which of these planning requirements are included in draft rule language.

Table 1: Proposed Consolidated Energy Plan Requirements for an Integrated System Plan (ISP)

Energy Plan	Included in ISP Rules?	RCW
Electric		
Integrated Resource Plan	Yes	19.280.030
Clean Energy Action Plan	Yes	19.280.030
Conservation Target (potential)	Partially. The draft rule includes evaluating all cost-effective conservation and planning to achieve the <i>two percent of electric load</i> threshold. Approval of an EIA conservation target remains in the current BCP process.	19.285.040
Biennial Conservation Plan	Partially. The BCP process is preserved. RCW 19.285.040 and associated methodologies are included in the ISP.	BCP not in RCW, only in WAC
Clean Energy Implementation Plan (CEIP)	Yes	19.405.060
Electrification of Transportation Plan	Yes	80.28.365

Multiyear Rate Plan (MYRP)	No, not at this time.	80.28.425
Gas		
Conservation Target (Potential)	Partially, rule includes evaluating all cost-effective conservation. Approval of the conservation target is kept in the current BCP process.	80.28.380
Pipeline Replacement Plan	Partially. The Pipeline Replacement Plan process is preserved, but replacement data must be considered within the ISP process. Plan approval remains within the current Pipeline Replacement Plan process.	80.28.130
Integrated Resource Plan	Yes	IRP not in RCW, only in WAC

To facilitate this inquiry, the Commission poses the following fourteen (14) questions for feedback:

1. **Content of an Integrated System Plan (ISP):** Please review Table 1.
 - a. Are there missing energy plans that should be included in the ISP, which are not currently identified in Table 1, above, or included in the draft rules?
 - b. For example, should the Biennial Conservation Plan (BCP) also be included in an ISP?
 - c. What timing is most appropriate for both plans (ISP, BCP)?
2. **Content of an ISP, long-term and implementation sections:**
 - a. WAC 480-95-030: Please identify any issues with the draft rule language and provide recommendations to address those concerns through comments or redline edits.
 - b. WAC 480-95-040: Please identify any issues with the draft rule language and provide recommendations to address those concerns through comments or redline edits.
3. **Compliance timeline:** While the current CEIPs are based on a 4-year compliance period, the multiple references to “emissions reduction periods” for ISPs [RCW 80.86.010(14); RCW 80.86.020(4)(e) and (g)] suggest that a 5-year timeline may be beneficial in harmonizing the Clean Energy Transformation Act, Climate Commitment Act, and 80.86 RCW requirements in a consolidated planning environment. This may especially be true when considering the practical compliance and reporting implications in RCW 80.86.020(4)(e) and (g). As such, the Commission requests feedback on both the compliance and associated timelines:
 - a. Could a 5-year compliance period be used for an integrated system plan and still meet the “statutorily required content” of a CEIP (RCW 19.405.060)? If yes, please explain.
 - b. In the alternative, if a 4-year compliance period were used, how would that impact the ability of the Commission and interested parties to assess a large combination utility’s potential claim that a given level of conservation or demand response was

“neither technically nor commercially feasible during the applicable emissions reduction period” [RCW 80.86.020(e) and (g)]? Please explain.

4. **Definition of “commercially feasible” (RCW 80.86.020(4)(e) and (g)):** Commission Staff (Staff) interprets the term “commercially feasible” to be different from the term “cost-effective” as used in the EIA. Staff interprets “commercially feasible” as related to the Technically Achievable Potential as determined in utility Conservation Potential Assessments (CPA). Further, Staff believes the definition of “commercially feasible” may be an eventual compliance question regarding conservation achievement.

- a. Should there be a definition of “commercially feasible”? If yes, please provide proposed definition.
- b. How is “commercially feasible” different from “achievable” cost-effective conservation in the EIA?

5. **Definitions – general:** Are there other definitions within the proposed rules that are missing or need to be changed? If yes, please explain.

6. **Pipeline replacement plan data:** To support safety and reliability, gas utilities plan for *replacement miles* of gas pipeline every year. Additionally, avoiding gas distribution pipeline replacement through targeted electrification must be considered within an ISP. As such, does the language outlined in WAC 480-95-050 adequately include costs without impacting safety and the approval processes for necessary repairs, improvements, changes, additions, or extensions?

7. **Outreach to consumer-owned utilities:** Is the language in WAC 480-95-050(2) adequate to ensure communication with consumer-owned utilities, while maintaining sufficient flexibility?

8. **Plan development and timing:** RCW 80.86.020 requires the Commission to approve, reject or approve with conditions an ISP within 12 months of filing.

- a. Please describe the filing and review process that you envision for an ISP.
- b. How does that differ from the current draft rules?
- c. Further, should it resemble the existing IRP or CEIP process more?

9. **ISP midway progress report:** In the draft rules, the Commission proposes an ISP midway progress report that would update major long term planning assumptions, necessary implementation details, and significant changes in law or economic conditions.

- a. Should the information provided in this document allow a utility to request changes to previously approved targets? If yes, what standards should be met for the Commission to change targets?
- b. If so, please describe what an appropriate process would be for review of this document. Should this process be subject to adjudication or not?

10. **Reporting and compliance:** What metrics are important to include in reporting and compliance filings to demonstrate progress towards electrification and emissions reduction targets?
11. **Public participation:** Are there missing elements, or areas that need to be changed, in WAC 480-100-655 that should be included in a public participation plan for an ISP? If yes, please explain.
12. **Named communities and WAC 480-95-030(10):** Staff interprets vulnerable populations, highly impacted communities, and overburdened communities -- including customers of both electric and gas systems – to be considered and referred to as “named” communities, which should be considered within ISP. Do you agree? Further, are there any other places in the rules where this may also apply?
13. **Enforcement:** What enforcement mechanism should the Commission consider with the emission reduction targets and other aspects of the ISP? For example, should the Commission add language in a new enforcement section language modeled after WAC 480-100-665?
14. **Amendment to definition of IRP in WAC 480-107, Electric Companies—Purchases of Resources:** Is there a nexus between acquisition rules and filings made in accordance with WAC 480-95-030, the new ISP? If yes, what additional revisions are needed beyond connecting the IRP and ISP requirements with acquisition processes? If no, please explain.

The Commission invites initial written comments in response to these questions and will conduct a workshop set for **October 25, 2024**, at 2 p.m. to address the relevant issues. The deadline for written comments is close of business on October 20, 2024.

WRITTEN COMMENTS

Comments are due to the Commission on Wednesday, October 20, 2024, by 5 p.m.

Submit comments via;

Online: <http://www.utc.wa.gov/e-filing>

Email: records@utc.wa.gov

or by **Mail;**

Address to:

Jeff Killip

Executive Director and Secretary

Washington Utilities and Transportation Commission

P.O. Box 47250

Olympia, WA 98504-7250

(Mailed comments can be on paper, flash drive, or a CD/DVD).

Comments should include:

1. **PDF:** Upload/email your comments in .pdf form.
2. **Docket Number:** The docket number (Docket U-240281). The docket number is like a case number used by Commission Staff to keep records on a specific filing.
3. **Name:** Include your full name.
4. **Title and Date:** Include the title and date of the comment or comments.

The Commission will post all electronic comments on its website. The web site is located at <https://www.utc.wa.gov/casedocket/2024/240281/docsets>.

Open Meeting Comments:

- **Oral Comments:** If you don't provide written comments, you will still be able to make oral comments if this item is brought up at an open meeting.

MEETING PARTICIPATION

In addition to filing written comments, interested people are invited to attend a workshop on **October 25 beginning at 2 p.m.** At the workshop, Commission staff will review and discuss comments with the stakeholders.

The Commission will hold this workshop in person and virtually via Zoom. The in-person meeting will be held at Commission Headquarters, Commission Hearing Room (Room 110), 621 Woodland Square Loop S.E., Lacey, Washington. Interested persons may comment at the meeting or may listen to the meeting via Zoom by calling (253) 215-8782 and using Meeting ID: 852 0427 5089 and Passcode: 491851. To participate in the meeting using Zoom on a computer or mobile device, [click here to join meeting](#).

If you want to be included on the interested persons' contact list, please submit your request to the Commission's Records Center at records@utc.wa.gov and include which docket number and company you are interested in. The docket numbers are at the top of this notice and are case numbers the Commission uses to keep track of various filings.

The Commission is committed to providing reasonable accommodation to participants with disabilities. If you need a reasonable accommodation for the recessed open meeting, please contact the Commission at least one business day prior to the meeting by calling (360) 664-1132 or by sending an email to human_resources@utc.wa.gov. For TTY service, please call the Washington Relay Service at (800) 833-6384 or 711.

If you wish to participate and need an interpreter, one will be provided at no cost to you. If you need an interpreter, please contact the Commission at least one business day prior to the meeting by calling (360) 664-1149 or by sending an email to Stacey Brewster at stacey.brewster@utc.wa.gov.

If you have questions regarding this rulemaking, you may contact staff lead Payton Swinford at (360) 489-4044, or by email at Payton.Swinford@utc.wa.gov.

A handwritten signature in black ink that reads "Jeff Killip". The signature is written in a cursive, flowing style.

JEFF KILLIP
Executive Director and Secretary

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 U-240281. If you do not do this, you might not receive further information about this rulemaking.