



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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January 19, 2022

**NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS ON DRAFT RULES
(By 5 p.m., Wednesday, February 9, 2022)**

Re: Relating to Electricity Markets and Compliance with the Clean Energy Transformation Act, Docket UE-210183

TO ALL INTERESTED PERSONS:

On May 3, 2021, the Washington Utilities and Transportation Commission (Commission) filed with the Code Reviser a Preproposal Statement of Inquiry (CR-101) to promulgate new rules to implement certain sections of the Clean Energy Transformation Act (CETA).¹ The Commission filed the CR-101 in Docket UE-210183.

BACKGROUND

CETA requires investor-owned electric utilities (1) to eliminate coal-fired generation from their portfolios by the end of 2025; (2) to ensure that all retail sales of electricity to their retail customers will be greenhouse gas neutral by the end of 2030; and (3) to source all of their power from renewable and non-emitting resources by the end of 2045. Furthermore, CETA requires that the utilities ensure that all customers are benefiting from the transition to clean energy through the equitable distribution of energy and nonenergy benefits and reductions of burdens to vulnerable and highly impacted communities.

RCW 19.405.130(3) requires that the Department of Commerce (Commerce) and the Commission adopt rules by June 30, 2022, defining the requirements for complying with RCW 19.405.030 through 19.405.050 with electric market purchases from carbon and electricity markets outside of the state, and to address the prohibition of double counting of nonpower attributes under RCW 19.405.040. This rulemaking also addresses two related issues that arose during the development of

¹ See Notice of Opportunity to File Written Comments, May 3, 2021, Docket UE-210183.

the CETA implementation rules in Docket UE-191023 – the interpretation of the requirement to “use” electricity for compliance with RCW 19.405.040(1)(a), and the treatment of energy storage for compliance with RCW 19.405.030 through RCW 19.405.050. On October 12, 2021, the Commission issued draft rules interpreting and implementing “use” in RCW 19.405.040(1)(a). On November 11, 2021, the Commission and Commerce issued draft rules on double counting and storage.

ISSUE DISCUSSION

With this notice the Commission issues second draft rules interpreting and implementing “use” in RCW 19.405.040(1)(a) and RCW 19.405.050(1) and second draft rules to address the prohibition of double counting of nonpower attributes under RCW 19.405.040, as well as the treatment of energy storage for compliance with RCW 19.405.030 through RCW 19.405.050.

RCW 19.405.040(1)(a) provides, in part, that an electric utility must “demonstrate its compliance with this standard using a combination of nonemitting electric generation and electricity from renewable resources, or alternative compliance options” and “use electricity from renewable resources and nonemitting electric generation in an amount equal to one hundred percent of the utility’s retail electric loads over each multiyear compliance period.”

The second draft of rules interpreting the meaning of “use” are integrated into existing language in WAC 480-100-600 through -665. Broadly, the draft rules include the following changes:

- WAC 480-100-605 Definitions: changes to the definitions to clarify distinctions between retained nonpower attributes from renewable energy, or renewable energy credits (RECs), and those from nonemitting resources.
- WAC 480-100-650 Content of integrated resource plan: adding a requirement to plan for the compliance requirements under WAC 480-100-650(2).
- WAC 480-100-650(1) Reporting and compliance for meeting the greenhouse gas neutral standard: expansion of details on planning and acquisition requirements under RCW 19.405.040(1)(a), how utilities may demonstrate compliance, and restrictions on the use of retained RECs in planning and acquisitions.
- WAC 480-100-650(2) 100 Percent renewable and nonemitting resource portfolio performance standards and compliance: addition of a new subsection detailing requirements that ensure compliance under RCW 19.405.050(1).
- WAC 480-100-650(5) Annual clean energy progress reports: revisions and additions to reporting requirements.
- Removal of the specific time period for reviewing rules on compliance with RCW 19.405.040(1).

The second draft rules on double counting shift the focus of the regulatory requirements to utilities providing retail electric service in the state of Washington that are subject to CETA. The rules add provisions to require investor-owned utilities to include contract or other transaction terms in the sale of electricity to prevent double counting.

QUESTIONS FOR CONSIDERATION

The Commission seeks comments on whether the draft rules are clear, feasible to implement, and consistent with CETA.

The Commission welcomes general comments on the two sets of draft rules. In addition, the Commission seeks responses to the following questions:

1. Draft WAC 480-100-650(2). The first sentence states that 100 percent of the electricity needed to supply retail electric service obligations must be generated by renewable and nonemitting resources. The second sentence explicitly establishes a requirement to secure transmission service rights for the electricity generated by the renewable and nonemitting resources. Is it sufficient for the first sentence to include an implicit requirement for feasible transmission service or is the second sentence also necessary to clearly state the requirement?
2. Draft WAC 480-100-650(1)(b). The prohibition on the reliance on retained nonpower attributes when making decisions on long-term acquisitions is applied to contracts longer than two years, as utility contracts of two years or less are generally used for hedging a utility's resource portfolio. Is this the correct contract length or should the cutoff be longer or shorter, and why?
3. Are the demonstrations required in WAC 480-100-XXX(3) reasonable and sufficient to prevent double counting considering the Commission's ongoing authority to prevent double counting?
4. Are the requirements under WAC 480-100-ZZZ sufficient, clear, and understandable?

WRITTEN COMMENTS

Interested persons may submit written comments no later than **5 p.m., Wednesday, February 9, 2022.**

Pursuant to WAC 480-07-250(3), written comments must be submitted in electronic form, specifically in searchable .pdf format (Adobe Acrobat or comparable software). As provided in WAC 480-07-140(5), those comments must be submitted via the Commission's web portal at www.utc.wa.gov/e-filing. If you are unable to submit documents via the portal, you may submit your comments by email to the Commission's Records Center at records@utc.wa.gov. Comment submissions should include:

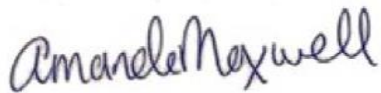
- The docket numbers of these proceedings (Docket UE-210183).

- The commenting party's name.
- The title and date of the comment or comments.

The Commission will post on its web site all comments that are provided in electronic format. The website is located at www.utc.wa.gov/casedocket/2021/210183.

If you are unable to file your comments electronically, the Commission will accept a paper document via mail.

If you have questions regarding this rulemaking, you may contact Staff lead Steve Johnson at (360) 481-1573, or by email at steven.johnson@utc.wa.gov.

A handwritten signature in cursive script that reads "Amanda Maxwell".

AMANDA MAXWELL
Executive Director and Secretary