Markets and CETA Compliance Rulemaking| UE-210183
Notice of Opportunity to File Written Comments on the CR-102 Market Rules
by April 22, 2022

Summary of Comments

- Alliance of Western Energy Consumers (AWEC)
- Avista Corporation (Avista)
- Northwest Energy Coalition (NWEC)
- Northwest & Intermountain Power Producers Coalition (NIPPC)
- PacifiCorp
- Public Counsel (PC)
- Public Generating Pool (PGP)
- Puget Sound Energy (PSE)
- PSE, Avista, PacifiCorp, collectively, the joint investor-owned utilities (Joint IOUs)
- Renewable Northwest (RNW)
- Western Power Trading Forum (WPTF)

1. **Washington state utilities with hydroelectricity generation will, to the extent the hydroelectric generation resource has pondage or coordinated dispatch with other hydroelectric generation facilities, purchase off system power during lower load or lower price time periods to meet their load obligations and in turn use the reserved water in hydroelectric generation facilities to facilitate peak hour or peak price off system power sales, including, at times, electricity from their own hydroelectric generation facilities. The Commission requests commenters explain the frequency, magnitude, economic significance, and contribution to reliability of this market driven dispatch to the utility and Washington state's load service.**

Party	Summary of Comment	Staff Response
AWEC	No response.	N/A

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Avista	Yes, for decades Avista's hydroelectric resources have generated at levels above real-time load when prices are high and below real-time load in the lower-valued hours. For 2021, Avista estimates that had it run its hydroelectric resources only to serve load and not make off system sales its power costs would be at least $6.2 million higher. Furthermore, if other regional utilities are not allowed to use market-based dispatch in a similar manner as Avista, it could drive up prices in constrained hours or require utilities to have higher reserves. With the addition of storage resources, the same type of lost revenue and lost capacity value could occur if market-based dispatch is not permitted. In addition to the market sales revenue, shifting in-time the use of water at a hydroelectric facility enables its generation units to qualify for spinning reserves and to respond to system emergencies.	Staff agrees.
NWEC	No response. See Other Comments.	N/A
NIPPC	No response. See Other Comments.	N/A
PacifiCorp	PacifiCorp shapes the output of its hydroelectric resources to produce during higher priced hours but "does not, as a course of business, make off-peak purchases for off-system hydro peak sales." Though "peak hour market sales may occur from time to time in a limited quantity and duration," PacifiCorp states, "it is solely due to load and resource uncertainty from day-ahead set up to real time delivery to load." PacifiCorp believes that isolating one generator from a diverse portfolio would skew economic dispatch to the detriment of customers' rates.	Staff appreciates and understands the role of hydroelectric resources in PacifiCorp's market dispatch. Staff agrees that the performance of a single generator is not representative of how a utility will or can achieve compliance. Staff believes that planning and long-term acquisitions that build a diverse portfolio of resources that can be jointly dispatched to reliably meet utility load with electricity from renewable and non-emitting resources are a necessary component of the lowest-reasonable-cost path for a utility to achieve CETA requirements.

Party	Summary of Comment	Staff Response
PC	Public Counsel appreciates Staff's question. Public Counsel believes that utility electric system dispatch models incorporate the hydroelectric resource optimization described in the question. However, Public Counsel is concerned that the proposed rules require a utility to alter this hydroelectric resource dispatch in its planning studies, and that such an alteration will lead to differences between planning and the utility's actual operations that will result in increased costs. Hence, the question is a good example of why utilities will be harmed by having to model in planning something different than what is permitted in operations.	Staff agrees that hydro optimization models incorporate such energy/capacity arbitration with risk and reliability limitations. CETA requires a transition to 100 percent renewable and nonemitting resources by 2045. While it is likely that this statutorily required change will result in increased costs to customers, the proposed rules reduce the final costs of compliance by allowing utilities to continue to use retained nonpower attributes (NPA) for compliance. To the extent the Integrated Resource Plan (IRP) modeling optimizes water in the hydroelectric generation facility to make off-system sales rather than serve load, the electricity sold off-system must be replaced to assure load is served. The IRP model can do so with renewables (and must do so) if it determines that during the four-year compliance period at least 80 percent of load is not being served with renewable or nonemitting electricity. However, if the IRP imagines a market surplus of renewable resources that the utility can purchase to back-fill its off-system hydroelectric peak hour(s) sales and incorporates that approach to CETA compliance in its CEIP, the utility will need to execute its market purchases to deliver bundled renewable power to replace its off-system sales. Therefore, the IRP cannot plan to use retained NPAs to back fill short positions in the utility's CETA compliance created by off-system hydroelectric sales during peak hours.
PGP	Yes. The magnitude is dependent on two conditions. First, that "there is flexibility to store and release water" and second that "minimum generation is less than minimum demand." Such operational flexibility provides "economic, environmental and reliability benefits to Washington customers."	Staff agrees.

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PSE	PSE primarily uses hydroelectric resources to meet its own load. PSE does not seek to sell its hydroelectric generation off-system in any significant amount. PSE shapes its hydroelectric resources to meet load and reduce "customers' exposure to price and reliability events." PSE's ability to move hydroelectric generation in time is limited to a few days in duration. In addition to hydroelectric generation's flexibility to shield load's exposure to higher market prices, it also provides "other benefits such as reliability, renewable integration, emissions reduction, etc." PSE cautions against distorting price signals that direct the shifting of hydroelectric resource output to periods of scarcity as doing so "could have both reliability and cost impacts that are not easy to predict at this time."	Staff appreciates an explanation of the use and limitation of PSE's hydroelectric resources.
Joint IOUs	Response provided in the individual investor-owned utilities (IOU) comments. For Joint IOUs comments, see Other Comments.	N/A
RNW	The answer varies depending on whether a consumer owned utility (COU) receives a block product or a slice product from Bonneville Power Administration (BPA). Slice products result in more surplus power during peak hours whereas the block product allows more shaping of the power to the COU's load. For utilities that own their own hydroelectric resource, production cost optimizations models will optimize around price while assuring a pre-specified threshold of reliability.	Staff appreciates an answer to the question from the prospective of a COU with slice and/or block products.
WPFT	No response to this question. See Other Comments for additional comments.	N/A

2. Other Comments.

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AWEC	1. The proposed rules contain a mismatch between planning and operational compliance requirements. The proposed rules should allow for the use of retained renewable energy credits (retained RECs) in planning and clean energy implementation plans (CEIP). If required to perform planning without retained RECs, a utility will need to build redundant generation to achieve the planning target. Such redundancy will increase compliance costs and possibly push costs up against the two percent cost limit. The resource redundancy will cause inefficiencies in the wholesale power markets, one of which will be the suppression of wholesale prices that will create a disadvantage in the economics of energy efficiency- a resource that has an established preference in CETA. 2. The proposed rules seem unclear on whether the time interval used in planning is on an hourly, monthly, or annual basis. 3. The proposed rules create uncertainty over the prudency of utility investments if such investments later prove not to be used and useful for CETA compliance. 4. Remove the 100 percent clean energy requirement in WAC 480-100-650(2) that begins in 2045. The phrase "retail electric service obligations" used in the proposed rules is not defined in the proposed rules and is a potential source of confusion. In the alternative to removing -650(2), remove the phrase "retail electric service obligations" and replace it with the	1. CETA does not restrict Commission authority to enforce CETA requirements to the planning phase of utility actions. To the contrary, the Commission is bound by its statutes to use its authorities to implement CETA, including its authority to require CETA's requirements to be part of the planning by rule. CETA's 2045 goal is to achieve 100 percent of load service with electricity from renewable and nonemitting resources. Planning and acquiring resources must be done with that constraint. As an interim requirement, RCW 19.405.040(1) creates what the Commission has designated as the primary compliance, as a statutorily mandated interim step toward that 2045 goal. The planning and acquisition requirements of the proposed rules function to fulfill both the 2045 requirements and the 2030 requirements. The use of retained NPAs alone would not. In conjunction, the two features of the proposed rules, planning and purchasing long-term resources for load service and retained NPAs work to achieve both requirements, while allowing operating conditions such as forced outages of transmission facilities and the subsequent derating of path flows from rendering the output of long-term resources purchased for load service from becoming ineligible for CETA compliance.

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	statutory language from RCW 19.405.050(1), "nonemitting electric generation and electricity from renewable resources supply one hundred percent of all sales of electricity." 5. Alter the first sentence in WAC 480-100-650 to only apply beginning in 2045, "Beginning on January 1, 2045, a utility must demonstrate that nonemitting electric generation and electricity from renewable resources supply 100% of all sales of electricity to the utility's Washington retail electric customers."	2. Staff does not find it necessary to proscribe in proposed rules the time interval of analysis a utility must use in planning or acquisition decision making to demonstrate its actions are prudent. However, to be clear, Staff reiterates that the planning and acquisition requirements in the proposed rules are for the instantaneous service of load with electricity from renewable generation for 80 percent of retail sales over each of the four-year compliance periods, beginning in 2030. Staff observes that utilities have for more than 40 years consistently used hourly analysis to present their demonstration of prudence, *i.e.*, its lower reasonable cost approach to providing continuous and instantaneous supply of power to maintain electric service. 3. Staff disagrees. Prudence determinations are analyzed based on the information available at the time the decision was made, not in hindsight. Therefore, Staff disagrees that these rules will have any more impact on prudence determinations than other compliance rules that IOUs must follow. 4. Staff believes the requirements of the 2045 standard need to be included in the proposed rules to inform planning and resource acquisition decision making. The phrase in proposed rules "retail electric service obligations" implements the language in RCW 19.405.050(1). The phrase in the proposed rules and the language in RCW 19.405.050(1) mean that all the electricity needed

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		to provide retail electric service must be renewable or nonemitting. The addition of the term "retail" clarifies what type of electric service the obligation is derived from, in contrast to wholesale sales of bulk electricity to other entities for resale which are regulated by FERC, and beyond the jurisdiction of the Commission. 5. Staff disagrees. Section one of -650 addresses the 80 percent minimum requirement in RCW 19.405.040(1). The first sentence in the -650(1) reflects that purpose.
Avista	See comments provide in the summary of the Joint Utility comments in Other Comments.	N/A
NWEC	Plans to review the responses from utilities and reserves the option to submit supplemental comments after reviewing utility comments.	Staff looks forward to reviewing NWEC's comments.
NIPPC	1. The proposed rules' prohibition on including the use of retained NPAs in planning is expected to increase compliance costs and is inconsistent with the Washington Department of Commerce's (Commerce) proposed rules. 2. Retained NPAs may (and likely will) provide a lower-cost option for compliance, but the integrated resource plans (IRPs) would ignore this. Because utilities generally take procurement actions based on their IRPs, utilities will likely pursue higher-cost options for compliance than is necessary. NIPPC recommends that instead the utilities include in their IRPs a sensitivity analysis or similar modeling that provides transparency as to the extent of a utility's planned reliance on retained NPAs.	1. CETA's 2045 goal is to achieve 100 percent of load service with renewable and nonemitting resources. Planning and acquiring resources must be done with that constraint. As an interim requirement, RCW 19.405.040(1) creates what the Commission has designated as the primary compliance, as a statutorily mandated interim step toward that 2045 goal. The planning and acquisition requirements of the proposed rules function to fulfill both the 2045 requirements and the 2030 requirements. The use of retained NPAs alone would not. In conjunction, the two features of the proposed rules, planning and purchasing long-term resources for load service and retained NPAs work to achieve both requirements, while

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		allowing operating conditions such as forced outages of transmission facilities and the subsequent derating of path flows from rendering the output of long-term resources purchased for load service from becoming ineligible for CETA compliance. Staff does not agree that the UTC proposed rules have different CETA requirements than the Washington State Department of Commerce's proposed rules except for those that stem from the differences in the agencies' regulatory authorities and duties. 2. NIPPC refers to the higher cost options for a resource portfolio required by the proposed rules in comparison to rules that would allow retained NPAs for planning and acquisition. The intent and requirement of the proposed rules is to implement the requirements of the CETA. The proposed rules achieve this through a combination of planning requirements, acquisition requirements and use of retained NPAs. NIPPC's proposal is indeed lower cost but fails the first test- achieving implementation of CETA's requirements. Without the planning and acquisition requirements, IOUs would be incentivized to pursue resources that do not match their load prior to 2045.
PacifiCorp	See comments provide in the summary of the Joint Utility comments in Other Comments.	N/A
PC	Two aspects of the proposed rules are likely to be unduly costly to ratepayers: 1. Staff supports the requirements in WAC 480-100-650(6)(c). The requirements are directly in line with the statutory obligation to prevent double counting.	

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	1. **The proposed rules governing the disposition of energy "associated with" unbundled Renewable Energy Credits (RECs).** The proposed rules on the disposition of electricity associated with unbundled RECs (WAC 480-100-650(6)(c), and specifically subparts (i)(A) and (i)(B) are flawed because by definition there is no electricity "associated with" an unbundled REC. The electricity that an unbundled REC comes from cannot be identified because RECs in WREGIS are only identified by the month and year in which they are produced. The proposed rules at -650(6)(c)(i)(A) require the purchaser of electricity stripped of its RECs to agree via terms in the sales contract not to represent the attributes of the electricity in any future sale and to require the same in any contract reselling the electricity. This provision in the proposed rules will unnecessarily and unproductively drive up the cost of using unbundled RECs for utilities. The proposed rules when applied to sales of renewable energy without its RECs into an out-of-state GHG program, "would force market participants to invent an attribute that does not exist, specifically carbon emissions, and ascribe it to certain generation sources so that these 'emissions' can be falsely 'counted' under a cap-and-trade program — even though the production of the REC does not in any way contribute to carbon emissions." **2. The divergence between the proposed rules for resource planning verses proposed rules for real-time operation of the electric system.** If the Commission allows use of retained NPAs it should allow consideration of retained NPAs in resource and	RECs are created with the generation of renewable electricity. If the unbundled REC is counted for compliance by a utility and the electricity that produced that REC is also claimed as renewable electricity, the nonpower attributes (NPAs) of the electricity are being counted twice. Public Counsel's statements regarding the limitations in WREGIS's current tracking system, if they even exist in 2030, do not alter the requirements of CETA. Public Counsel is incorrect to assert that the proposed rules require ascribing emissions to the renewable energy from which unbundled RECs have been sold. If an out-of-state GHG emission program uses the renewable designation of electricity to decide to not assess an emission fee or allowance charge, it is using the NPAs of the electricity. Public Counsel is incorrect that NPAs do not include the zero-emission nature of renewable energy. See the definition of nonpower attribute, RCW 19.405.020(29). Nonpower attributes in a REC include all NPAs associated with the MWh or electricity, whether the energy is sold in or out of state. 2. CETA's 2045 goal is to achieve 100 percent of load service with electricity from renewable and nonemitting resources. Planning and acquiring resources must be done with that constraint. As an interim requirement, RCW 19.405.040(1) creates what the commission has designated as primary compliance, as a statutorily mandated interim step

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	compliance planning. There are no provisions in CETA that requires or permits a divergence between planning and operating assumptions. It is impossible to achieve least-cost resource planning if planning does not use retained NPAs in its models.	toward that 2045 goal. The planning and acquisition requirements of the proposed rules function to fulfill both the 2045 requirements and the 2030 requirements. The use of retained NPAs alone would not. In conjunction, the two features of the proposed rules, planning and purchasing long-term resources for load service and retained NPAs work to achieve both requirements, while allowing operating conditions such as forced outages of transmission facilities and the subsequent derating of path flows from rendering the output of long-term resources purchased for load service from becoming ineligible for CETA compliance.
PGP	The proposed rules contain a dichotomy between a utility plan and its actual operations. This dichotomy has the potential to significantly affect the value of Northwest hydro resources in situations where renewable resources are overbuilt to comply with a planning requirement but are not ultimately necessary for compliance.	CETA's 2045 goal is to achieve 100 percent of load service with electricity from renewable and nonemitting resources. Planning and acquiring resources must be done with that constraint. As an interim requirement, RCW 19.405.040(1) creates what the commission has designated as primary compliance, as a statutorily mandated interim step toward that 2045 goal. The planning and acquisition requirements of the proposed rules function to fulfill both the 2045 requirements and the 2030 requirements. The use of retained NPAs alone would not. In conjunction, the two features of the proposed rules, planning and purchasing long-term resources for load service and retained NPAs work to achieve both requirements, while allowing operating conditions such as forced outages of transmission facilities and the subsequent derating of path flows from rendering the output of long-term resources purchased for load service from becoming ineligible for CETA compliance.

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		Indeed, Sections -650(1)(a) and (b) are designed to prevent or minimize the very concern about over generation that PGP raises. To meet load and to do so in a lowest reasonable cost manner, a utility needs to perform planning and acquisition that limits coincidental generation from multiple renewable generation resources in its portfolio in amounts and at times that are greater than its load. In short, Sections 650(1)(a) and (b) are intended to create resource diversity to economically minimize renewable generation output that is surplus to load.
PSE	See comments provide in the summary of the Joint Utility comments in Other Comments.	N/A
Joint IOUs	1. The proposed rules go beyond what is necessary and create complex and burdensome planning, acquisition, contracting and reporting requirements that will likely have negative consequences such as: a. Since utilities will be planning for and making resource acquisition decisions informed by a more constrained system than actually required for compliance, the result will be overbuilding of renewable and non-emitting resources leading to significantly higher costs that could trigger the incremental cost cap resulting in less progress toward CETA goals. Eliminate WAC 480-100-650(1)(a) and (b). b. Contracting requirements could interfere with the utilities' ability to interact in regional markets and result in significantly reduced market participation and/or drive higher prices for premium products to serve WA customers. Language requirements regarding retained NPAs is wholly unenforceable and impractical because neither the selling utility, nor any agency, will have jurisdiction to monitor the counterparties regarding this provision which	1. Staff disagrees. a. CETA's 2045 goal is to achieve 100 percent of load service with electricity from renewable and nonemitting resources. Planning and acquiring resources must be done with that constraint. As an interim requirement, RCW 19.405.040(1) creates what the commission has designated as primary compliance, as a statutorily mandated interim step toward that 2045 goal. The planning and acquisition requirements of the proposed rules function to fulfill both the 2045 requirements and the 2030 requirements. The use of retained NPAs alone would not. In conjunction, the two features of the proposed rules, planning and purchasing long-term resources for load service and retained NPAs work to achieve both requirements, while allowing operating conditions such as forced outages of transmission facilities and the subsequent derating of path flows from rendering the output of long-term resources purchased for

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	could result in non-WA entities being unwilling to enter into market transactions with WA utilities that require this special contracting provision. Also, contracting constraints related to coal power are too proscriptive, go beyond the statutory language of CETA, and are not needed – eliminate WAC 480-100-650 (6)(b)(v). c. Extensive reporting requirements that burden utilities and the UTC with the creation of data systems, compilation, and, for the UTC, receipt and review of volumes of data. Hourly data for some of the elements in the proposed rules simply cannot be provided at this time (e.g. none of the Joint Utilities has AMI installed for 100% of their retail customer load.) d. WAC 480-100-650(1) should be removed because it exceeds the Commission's statutory authority. UTC can set a higher target in a CEIP – but it cannot change the statutory standard for alternative compliance that is associated with RCW 19.405.090's penalty authority. e. Remove WAC 480-100-650(2) because it uses the undefined term "electric service obligations" which appears to exceed the plain meaning and intent of CETA. 2. The proposed rules fail to achieve at least four of the characteristics agreed to by the Markets Work Group as important for final rules. 3. The proposed rules' language differences between Commerce and the UTC will create competitive advantages for utilities required to comply with the simpler and more straight-forward proposed rules issued by Commerce. As such, IOU customers could	load service from becoming ineligible for CETA compliance b. Staff disagrees. The term as part of a contract is enforceable by the IOU that sells the unspecified power for purposes of retaining the NPA. Staff disagrees that because unspecified power is often "system power" the IOU selling the power will not know to whom they are selling the unspecified power. If this were the case, IOUs would have an even more difficult time figuring out who to collect payments from for the power they sold which would be an even greater concern to Staff. As for the IOU claim that buyers in the market of unspecified power would not accept a term requiring them to agree that the power was unspecified, the only buyer with a need or motivation not to agree to such a term would be the buyer who intended to resell the power with the false statement that such power was something other than unspecified power. And that is exactly the buyer the proposed rules are intended to constrain with the term. Furthermore, with the advent of allowance costs under the Climate Commitment Act for unspecified power and emitting power, Staff is skeptical that unspecified power will transact in 2030 at the same levels as it does today. Certainly, if it is, and the problems the IOUs project come to life or are not remedied, the proposed rules can be revisited.

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	end up burdened by higher costs than those of the consumer-owned utilities.	Staff disagrees with the Joint IOUs that the statute limits the requirement to eliminate coal power in the manner they describe in their comment. First, the Commission has already considered and rejected similar arguments related to the elimination of coal-fired resources in the previous CEIP/IRP rulemaking.[1] Second, Staff views the Joint IOUs conclusion that not buying coal power will result in paying a price premium for spot market power as speculative. The Joint IOUs' conclusion is not supported by evidence or analysis. A cursory examination of the facts points strongly away from this conclusion. By the end of 2025 the only coal fired generation in the Northwest will be in Montana and at most that will only be Colstrip units 3 and 4. Staff also believes that to reach the 2030 CETA goal, most of the transmission owned by Washington utilities from Montana to Washington will be committed to wind resources. This is likely to also be true for Oregon load serving IOUs that are owners of Colstrip transmission. Regardless, IOUs have supplied neither fact nor analysis to support their statement. c. Between the second draft rules and the proposed rules, Staff has greatly streamlined the data requirements. Staff believes the data will help the Commission and stakeholders better understand IOUs' market interactions-

[1] *See* Dockets UE-191023 & UE-190698, General Order R-601 at 28-33, ¶¶ 73 - 87 (Dec 28, 2020).

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		an essential ingredient to smooth and efficient implementation of CETA over the next decade as market structures change. d. Staff disagrees. WAC 480-100-650(1) does not modify any statutory standard. RCW 19.405.060(1)(a)(ii) and 19.405.060(1)(c) clearly gives the Commission the authority to set interim targets between 2030 and 2045. The Joint Utility's arguments rest on two faulty assumptions: First, that interim targets are set based only on the greenhouse gas neutral standard found in RCW 19.405.040(1). The Commission is required to take more than the minimum standards of RCW 19.405.040(1) into account when setting interim targets, see RCW 19.405.060(1)(c). Second, even assuming for the sake of argument that interim targets cannot be penalized under RCW 19.405.090, it would not follow that -650(1) exceeds the commission's statutory authority, because interim targets are, at minimum, enforceable through Commission order. The Commission has already considered and rejected the argument that interim targets are unenforceable or otherwise not subject to penalty.[2] e. Staff believes the requirements of the 2045 standard need to be defined in proposed rules to inform planning and resource acquisition decision making to achieve lowest reasonable cost decisions for complying with the

[2] Consolidated Dockets UE-191023 & 190698, General Order R-601, 33-34, ¶ 88-91 (Dec. 28, 2020).

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		standard. The phrase in the proposed rules "retail electric service obligations" is an interpretation of the language in RCW 19.405.050(1). The phrase and the language in RCW 19.405.050(1) mean that all the electricity need to provide electric service must be renewable or nonemitting. 2. Staff disagrees with the Joint Utility conclusion that the proposed rules fail four criteria of the 10 criterion that arose from the Market Work Group. Staff does not believe that it is useful to establish an accounting method for compliance eight years in advance of the beginning of the compliance period and more than 12 years prior to the end of the first compliance period. Staff does not agree that the administrative burden of the proposed rules is unreasonable and Staff does not agree that administrative burden should be minimized at the expense of implementing and enforcing CETA. Staff does not see any barriers in the proposed rules to participation in wholesale markets. In contrast to the comments of the Joint IOUs, Staff believes that applying CETA requirements to the planning and resource acquisition decision making will focus IOU efforts on minimizing overbuilding and away from building renewables in generation pockets with insufficient transmission to its retail load, aka, the prevention of overgeneration. 3. Staff disagrees that the UTC proposed rules interpret CETA differently than Commerce's proposed rules. Staff does agree that the proposed rules have requirements specific to IOUs to assure they comply with CETA. Those requirements are within the authority of the Commission and are

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		required for the Commission to fulfill its statutory obligation to enforce laws as part of its economic regulation of IOUs.
RNW	1. Generally, supports the proposed rules but suggest a few minor changes. 2. Opposes the two-year contract term exemption from the prohibition on the use and consideration of retained RECs. Proposes to modify -650(1)(b) to a one-month limit to incent utilities use clean energy to hedge their portfolio. 3. **Data and reporting** Regrets the loss of granularity in reporting between the second draft rules and the proposed rules. RNW requests that the proposed rules include re-opening the rules January 1, 2027 to consider: whether there are new tools to ease compliance reporting and review, whether this unprecedented compliance framework is setting utilities on a trajectory to meeting the firm 2045 mandate, and the implementation of Washington's Climate Commitment Act. Having a re-opener is supported by events such as WREGIS migrating to the M-RETS software services. 4. From the second draft to the proposed rules the requirement in WAC 480-100-650(6)(a)(iii) to report all renewable and nonemitting generation owned, contracted or controlled by the utility was modified to remove "by each resource type*"* was removed. RNW recommends putting the requirement for reporting by resource type back in the proposed rules. 5. RNW supports the removal of the link to AMI meter data in reporting load data and the removal of the electricity used to calculate the utility's imbalance energy used in the EIM.	1. Staff also supports the proposed rules but as proposed. 2. Staff does not agree that such a short contract length should be used for hedging. The value of the use of retained NPAs is to facilitate market transactions. Utility hedging commonly commences 18 months to 2 years in advance of the day-ahead market. 3. Staff does not support setting in proposed rules a future date certain that obligates the Commission to open the proposed rules. Staff does believe the proposed rules may need to be revisited due to the many changes afoot in the industry and the Western Interconnect but does not believe that the best date for revisiting the proposed rules can be predicted now. Staff agrees, however, that the concerns RNW raises should be part of a review of the proposed rules. 4. Staff appreciates RNW's interest in examining utility renewable resource production. However, requiring blanket data reporting every year at this level of detail is administratively burdensome. 5. Staff agrees. The removal of the link to AMI meter data was not to dismiss the need to use the AMI meter data but to provide flexibility on how to develop hourly retail sales data. 6. Staff agrees. This is a very important observation of this component of the data reporting. Staff intends to use the data reporting to make just such a calculation.

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	6. The reporting of total renewable generation and bundled sales will allow stakeholders to determine how much utilities are relying on retained RECs for compliance. 7. Supports the requirement in proposed rules (-650(6)(b)(vi)) that utilities report "any data provided to the Western power pool's resource adequacy program or its successor."	7. Staff agrees. CETA requires that reliability be maintained. IOUs have spoken of the importance of the Western Resource Adequacy Program in assuring reliability.
WPFT	WPFT interprets the proposed rules to draw the following three interpretations and asks for confirmation of these interpretations. 1. Allow electricity sourced from a renewable resource located in California to be used for compliance with both the CETA's 2030 Greenhouse Gas Neutral Standard and the 2045 100% Clean Standard as long as the electricity and the associated RECs have been sold to a Washington utility. 2. California cap and trade program accounts for the direct emissions of that resource, which under that program does not render the associated RECs ineligible for CETA compliance, provided the RECs and energy have been contracted to a Washington utility. 3. If the resource is dispatched via the Energy Imbalance Market (EIM) or future organized market, the dispatch of that resource based on its energy bids by the market operator would NOT be considered a transfer of ownership nor a transaction that would render the associated RECs ineligible for CETA compliance. 4. Generators selling electricity into the EIM cannot modify the CAISO contract terms to include a clause that the power is sold as unspecified. The proposed rules should allow the substitution of the requirement for a contract term with a requirement to demonstrate the electricity was	Staff appreciates WPFT sharing its interpretations. Staff replies are as follows: 1. Yes, provided the sale to Washington is designated as an export from California so that the renewable energy sale is not considered under California's GHG cap and trade program. 2. Yes, same as above with the same caveat and understanding that the RECs and energy are exported as a bundled product. 3. Staff does not understand what is meant by "transfer of ownership" or how WPFT is using the term to interpret what electricity or NPAs under the proposed rules may be used for compliance, primary or otherwise. The proposed rules allow the retained NPAs from sales of unspecified electricity into the EIM outside of California to be used for primary compliance. Retained NPAs from electricity dispatched in the EIM from generation outside California and deemed as serving California are not eligible unless the underlying power is sold as unspecified electricity.

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	sold to a central market operator and proof that the associated electricity was sold as unspecified in that market. 5. WPFT asks for clarification in the Adoption Order on how a Washington utility purchasing system sales from a utility that operates coal plant can demonstrate its purchase is coal free.	4. It is incorrect to interpret CAISO contract terms as unspecified when any EIM generator outside of California must specify the type of resource for any sales deemed by the CAISO as serving California load. Staff notes the many commentors in this proceeding who have insisted that sales to the EIM are unspecified as well as the many commentors in the Markets Work Group conducted to fulfill RCW 19.405.130 who have stated the same. 5. Staff believes there are many different means and constructs in private contracts for IOUs to utilize to meet the demonstration requirement specified in the proposed rule. Staff does not agree that the proposed rules should proscribe methods or terms that limit the flexibility provided in the proposed rules.