



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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May 30, 2024

**NOTICE OF OPPORTUNITY TO FILE WRITTEN ANALYSIS AND COMMENTS ON
EFFECTS OF DRAFT RULES
(By 5 p.m., Friday, June 21, 2024)**

Re: Relating to Electricity Markets and Compliance with the Clean Energy
Transformation Act “USE” Rules, 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). 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.

In 2020, the Commission adopted three sets of rules to begin implementing CETA’s requirements.¹ This docket initiated the second phase of rulemakings to implement the legislation. RCW

¹ Integrated Resource Planning and Clean Energy Implementation Plans in Dockets UE-190698 & UE-191023, Purchase of Resources, Docket U-190837, and the Energy Independence Act, Docket UE-190652.

19.405.130(3) required the Department of Commerce (Commerce) and the Commission to 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 centralized markets, and to address the prohibition of double counting of nonpower attributes under RCW 19.405.140. Commerce and the Commission both adopted rules from their respective rulemakings. Commerce additionally adopted rules providing an interpretation of compliance with RCW 19.405.040(1)(a).²

On June 29, 2022, the Commission used its discretion to delay the adoption of rules related to the interpretation of “use” when implementing chapter RCW 19.405. In October 2023, the Commission reinitiated its efforts to address the interpretation of “use”, requesting comments on draft rules. After addressing the feedback received from the publication of the October 2023 draft rules, the Commission released updated draft rules on April 9, 2024, requesting further comments.³

RESPONSE TO MAY 10, 2024 COMMENTS

The Commission appreciates the comments submitted in response to the updated proposed draft rules released on April 9, 2024, and to the commenters for their thoughtful contributions and continued participation in Docket UE-210183.

In the currently proposed draft rules, the Commission described reporting requirements for procured energy that may be counted towards primary compliance with CETA in each month. This monthly “use” reporting requirement noted IOUs would only be able to report an amount up to a “cap,” commensurate with the total amount of electricity “used” by the IOU in that month. For any given month, the draft rules provided that companies would be unable to report using more energy for primary compliance with CETA, than the companies in fact used to serve retail load. As written, the rules set that cap at the retail load served by the utilities to identify what could be “used” by utilities in each month. After reviewing the comments, the Commission recognizes that if this provision of the draft rules moves forward, it will need to reflect a reporting requirement, not a minimum compliance standard each month. This reporting requirement would correspond to the boundaries of what is considered “used” by a utility according to the language of RCW 19.405.040(1)(a)(ii). Further, the value of that cap would need to be changed to reflect the sum of energy used to serve load by a utility, before line losses, and battery demand over the given month. This updated cap value will be referred to as the “monthly use cap”.

The currently proposed draft rules also include a modeling standard that would be stricter than the compliance requirements, requiring an hourly application of the “cap”. After considering the comments submitted on May 10, 2024, the Commission believes that the final modeling requirements should reflect the compliance requirements adopted in the final rules, and this will be reflected in future drafts.

REQUEST FOR QUANTITATIVE ANALYSIS ON COST AND PORTFOLIO IMPACTS OF DRAFT RULES

With this notice, the Commission seeks quantitative analysis from utilities to illustrate the portfolio

² WAC 194-40-410, WAC 194-40-415.

³ UE-210183 Draft Rules (OTS-5035.1), UE-210183 (October 25, 2023)

and cost changes of implementing the monthly use cap in rules, as discussed in this notice.

For this analysis, the Commission intends that the monthly use cap is implemented in the following manner:

- The monthly use cap does not establish a monthly minimum for CETA compliance in any period aside from the four-year compliance periods mandated in statute.⁴
- For every four-year compliance period, the energy claimed for primary compliance with CETA is compiled monthly. The energy claimed each month is summed to determine the primary compliance total for the compliance period.
- The claimed energy for each month is, in MWH, the lesser of:
 - o CETA-eligible generation within that month, or
 - o The sum of load served by the utility before line losses and the amount of battery charging that occurred within that month.

The Commission requests that the quantitative analysis show an assessment of the 2030-2045 period. That assessment should show projected changes to the preferred portfolio of the utility, projected changes in emissions of the portfolio, and projected changes in costs of the portfolio. The assessment should also include the value of the monthly use cap used by the utility each month, compared to retail load served and renewable output. If possible, the analysis should show expected and adverse renewable conditions. The Commission also encourages IOUs to provide a quantitative analysis of how the monthly use cap would affect their participation in regional market efforts, sharing sources of data if possible and noting what cannot be shared if confidentiality is a concern.

The Commission requests that the IOUs, and any other parties that wish to provide comments, file those comments by 5 p.m. on Friday, June 21, 2024.

The Commission will post all responses and other comments on its website at www.utc.wa.gov/casedocket/2021/210183.

If you have questions regarding this request or this rulemaking in general, you may contact staff lead Charlie Inman at (360) 664-1303, or by email at charlie.inman@utc.wa.gov.

JEFF KILLIP
Executive Director and Secretary

⁴ RCW 19.405.040(1)(a)