## UTC Comment form for Energy Independence Act Rulemaking, WAC 480-109, Docket UE-131723

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In the first column, fill in the section or subsection of interest in the rule. In the next columns provide the specific text, proposal for change, and rationale.

The following tables contain PSE's comments and suggested revisions to the specific WAC sections, along with its rationale for the suggested revision. PSE reserves the right to comment further as the rulemaking process proceeds.

Comment 1	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC	Several terms that are defined in	Please remove all repetitive	There was no explanation relative to why
480-109-007	RCW 19.285 are repeated in the	definitions	certain definitions were replicated in the
	draft. For instance:		WAC revisions.
	Commission Conservation Customer Department Distributed Generation		As noted in the December 2, 2013 comment summary, it isn't efficient or useful to replicate RCW definitions in the WAC.

Comment 2	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC 480-109-007	"Cost-effective" means, consistent with RCW 80.52.030, that a project or resource is forecast:  (a) To be reliable and available within the time it is needed; and (b) To meet or reduce the electric power demand of the intended consumers at an estimated incremental system cost no greater than that of the least-cost similarly reliable and available alternative project or resource, or any combination thereof.	Remove (a) and (b)	Rationale for proposed change  There was no explanation for this addition.  The addition is unnecessary, as these repeat what's in RCW 80.52.030(7)(a) & (b).

in a reduction in customer load where under normal operating conditions the useful thermal energy output is no less than thirty-three percent of the total energy output. The reduction in customer load is determined by multiplying the annual electricity output of the cogeneration facility by a fraction equal to one minus the ratio of:"  Also, the requirement that no less than 339 of total energy output be useful thermal energy "under normal operating conditions could also be grounds for debate if significant fluctuations in operation occur at the site – but for the economics to be favorable for one of these projects one would not a significant discussion over what is considered the "best commercially available technology," especially given that power plants aren't typically "off-the-shelf" products. Therefore consider defining "best commercially available technology."  Also, the requirement that no less than 339 of total energy output be useful thermal energy "under normal operating conditions could also be grounds for debate if significant fluctuations in operation occur at the site – but for the economics to be favorable for one of these projects one would not be a significant discussion over what is considered the "best commercially available technology," especially given that power plants aren't typically "off-the-shelf" products. Therefore considered the "best commercially available technology," especially given that power plants aren't typically "off-the-shelf" products. Therefore considered the "best commercially available technology," especially given that power plants aren't typically "off-the-shelf" products. Therefore considered the "best commercially available technology," especially given that power plants aren't typically "off-the-shelf" products. Therefore considered the "best commercially available technology," especially given that power plants aren't typically "off-the-shelf" products. Therefore considered the "best commercialy available technology."	Regarding WAC 480-109-007 (12)	where under normal operating conditions the useful thermal energy output is no less than thirty-three percent of the total energy output. The reduction in customer load is determined by multiplying the annual electricity output of the cogeneration facility by a fraction	See comments in next column.	considered the "best commercially available technology," especially given that power plants aren't typically "off-the-shelf" products. Therefore consider defining "best commercially available technology."  Also, the requirement that no less than 33% of total energy output be useful thermal energy "under normal operating conditions" could also be grounds for debate if significant fluctuations in operation occur at the site – but for the economics to be favorable for one of these projects one would expect consistent operating conditions will need to exist. Therefore consider defining
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Regarding WAC	(13) "Incremental cost" means the	Delete section.	This is redundant with respect to the law.
480-109-007	difference between the levelized		The "Incremental cost" of an eligible
(13)	delivered cost of an eligible		renewable resource is already defined in the
	renewable resource, regardless of		law (RCW 19.285.050)(1)(b).
	ownership, compared to the		
	levelized delivered cost of an		
	equivalent amount of reasonably		
	available substitute resources that		
	do not qualify as eligible		
	renewable resources, where the		
	resources being compared have		
	the same contract length or		
	facility life.		
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			1

Comment 5	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC 480-109-007 (18)	(18) "Pro rata" means the calculation dividing the utility's projected ten-year conservation potential into five equal parts.	Do not change the existing WAC language.	It isn't clear as to why this new term was added and how it will increase the efficiency or effectiveness of implementing the EIA.  The calculation is inconsistent with methodologies used by the Council in the development of the 6 <sup>th</sup> Regional Power Plan. The calculation is too simplistic in that it doesn't recognize the differences in availability of resource potentials within the forecast period the rate at which emerging technologies become available in the market, or the barriers to ramping up in hard-to-reach markets.

Comment 6	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC	(20) "Pursue all" means an	None - delete.	It is recommended that the entire proposed
480-109-007	ongoing process of researching and		definition be stricken.
(20)	evaluating the range of possible conservation technologies and programs, and implementing all programs which are cost-effective, reliable and feasible.		There is no explanation as to why this new language was added to the proposed revision, nor how it will improve the effectiveness of the EIA implementation.  There is no need to define "pursue all." The language in RCW 19.285.040 makes clear what utilities are required to do to demonstrate they are pursuing all conservation. This added language seeks to redefine utility requirements under the law to activities beyond approval of conservation forecasts and biennial target and sets a new requirement. If approved, Commission approval of target (upfront) and a utility's achievement of that target would be a separate requirement from the "pursue all" requirement.  It also isn't clear where the language in the "pursue all
			conservation" section overlaps vs. creates new requirements above and beyond the conservation potential and biennial target. For example, what type of programs are "available, cost-effective, reliable, and feasible" but not already included in the biennial
			conservation target? WAC 480-109-010(4)(a)(ii)(B). If they meet all those standards, shouldn't they already be included in the biennial conservation
			target?
			See also accompanying cover letter.

Regarding WAC "Single large facility conservation Remove "recent" from in front of "annual", (27) "Single large facility 480-109-007 conservation savings" means savings" means cost-effective as it alters the wording of the statute. cost-effective conservation conservation savings achieved in a (27)single biennial period at the savings achieved in a single The "Proposed Rule Text Change" restores biennial period at the premises of premises of a single customer of a the wording of the rule to that of HB 1643. a single customer of a utility utility whose annual electricity whose recent annual electricity consumption prior to the The definition leaves potential room for consumption prior to the conservation savings exceeded five clarification, and should address issues such conservation savings exceeded average megawatts. as: five average megawatts. Is this truly a single premises or meter? Could it be defined as a single customer's load on a circuit meeting the 5 aMW threshold like on PSE's rate Schedule 40? For example, like customers with many facilities which are individually metered. Would retail wheeling customers fit the definition as a customer of a utility? To add clarity, it would be possible to alter the paragraph to include: "...premises of a single customer who participated in a utility conservation program and whose annual..."

Regarding WAC	(29) "Target year" means the	Delete the phrase "renewable	The phrase "renewable portfolio standard"
480-109-007	twelve-month period	portfolio standard".	does not appear anywhere in the law and
(29)	commencing January 1 and		therefore this term should not be introduced
	ending December 31 used for		into the rule.
	compliance with the renewable		
	portfolio standard requirement in		
	WAC 480-109-020(1).		

Comment 9	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC 480-109-007 (30)	(30) "Transmission voltage" means an electric line normally operated at or above 100,000 volts.	Delete section	It is unclear why this definition is being proposed and it may not be consistent with classification of transmission voltage used for FERC rates. For example, PSE's transmission facilities are defined as '55 kV and above' based on PSE's approved Petition for Reclassification of Facilities

Regarding WAC 480-109-010 (1)(b)  This projection must be derived from the utility's most recent IRP, including any information learned in its subsequent resource acquisition process, or the utility must document the reasons for any differences. When developing this projection, utilities must use methodologies that are consistent with those used by the council's Sixth Northwest Conservation and Electric Power Plan.  This projection must be derived from the utility's most recent IRP, including any information learned in its subsequent resource acquisition process, or the utility must document the reasons for any differences. When developing this projection, utilities must use methodologies that are consistent with those used by the council's Sixth Northwest Conservation and Electric Power Plan.  There wasn't an explanation for the revised "Draft Proposed Rule". The proposal doesn't indicate a gain in efficiency or practical application of the rule.  PSE's proposal supports conditions, developed collaboratively on a biennial basis, rather than permanent rules, be maintained.  As presented, the WAC will need to be updated every time the Council updates the power plan.  For his projection must be derived from the utility's most recent IRP, including any information learned in its subsequent resource acquisition process, or the utility must document the reasons for any differences. When developing this projection, utilities must use methodologies that are consistent with those used by the council's most recent IRP, including any information learned in its subsequent resource acquisition process, or the utility must document the reasons for any differences. When developing this projection, utilities must use acquisition process, or the utility must document the reasons for any differences. When developing this projection, utilities must use use the following approach in developing the potential:  (i) Technical Potential: The subset of Technical Potential the utility could expect to achieve given market barriers;  (ii
the Northwest Power Act

Comment 11	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC	The projection must include a list	The projection must include a list of	It is unclear how this rule change would be
480-109-	of each measure used in the	each measure category used in the	effective in improving the practical
010(1)(c)	potential, its unit energy savings	potential.	implementation of the EIA, nor does it
	value, and the source of that		explain the rationale for the revision.
	value.		
			The IRP's 20-year potential is based on
			(values and count) all measures, not only
			economic potential measures, but all
			technical potential measures. Converting the
			IRP's 20-year analyses to the 10-year
			conservation potential does not lead to the
			ability to go through the timeframe and
			"check off" each two-year period. Measures
			are dynamic, and so the mix of measures is
			ever-changing.
			If needed, the "DCE Droposed Dule Toyt" is
			If needed, the "PSE Proposed Rule Text" is more practical.
			more practical.

Comment 12	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding	The plan must outline the extent	Do not change the existing WAC	There is no explanation of how the revision
WAC 480-	of public participation in the	language.	of this rule is necessary to maximize the
109-010	development of the ten-year		efficiency and practical implementation of
(3)(b)	conservation potential and the		the EIA.
	biennial conservation target		

Comment 13	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding	Develop a conservation	Delete parts (ii) and (iii) of	There isn't an indication as to the reason for the additional language, nor an explanation how the
WAC 480-109-	portfolio that includes all available, cost-effective,	Section 4, as they are not needed to enhance the practical	revision will enhance efficiency.
010(4)(a)(ii)	reliable, and feasible potential, as well as pilot programs that are not yet	implementation of the EIA.	Some of the language in the subparts is confusing and possibly contradictory, such as in (4)(ii)(B): "A utility's conservation portfolio must contain programs that are not included in the biennial conservation target []".
and	proven to be cost-effective.		Most concerning is the prescriptive nature of the "Draft Proposed Rule Text" language throughout subparts (ii) and (iii), specifically, proposed language that indicates the types of programs that a utility "must" develop, and the implementation methods that a utility "must" include. These elements of the proposed revisions seem to reach beyond the intent of RCW 19.285.040 and 19.285.070, and
WAC 480-109- (4)(a)(iii)	Implement conservation programs identified in the		involve the Commission in micro-management of utility programs. It is unclear how these revisions would lead to efficiency, effective and practical implementation of the EIA.
And their associated sub- parts	portfolio to the extent that programs remain cost- effective, reliable, and feasible.		By indicating that a utility "must develop" and "must implement" the specifics outlined in (ii) and (iii), the UTC would remove an essential element of a utility's advisory group engaged in the collaboratively-developed and vetted condition that indicates that a utility has the authority and sole responsibility to run its conservation programs with the necessary flexibility and transparency in order to meet the Commission-approved target. If enacted, the utility would run programs required by the Commission, thus removing a utility's responsibility for prudent spending of ratepayers' funding.
			The section appears to confuse conservation potential with the tools developed to acquire it (programs). There are no programs in a utility's 10-year forecast and biennial conservation target – there are only savings estimates of end-use measures and efficiency practices. Language should be removed or rephrased
			There are also new terms introduced throughout the parts that are undefined; for instance, "practical uptake", "collaborative technical activities", and "collaborative promotional activities".
			It also appears that the Commission attempted to migrate selected or portions of existing biennial conditions into various sections of the subparts. Is it fitting to relocate conditions that are collaboratively developed and vetted with utilities' advisory groups into rules that are difficult to change once memorialized? It is unclear how moving selected, partial conditions from the biennial collaborative process, where there is a reasonable degree of adaptive management to a fairly rigid process would increase efficiencies, when there would still remain several biennial conditions in place.
			Lastly, there should not be a requirement to include pilot programs in the portfolio. Pilot programs should only be pursued if there is a chance for cost-effectiveness or to provide the market viability of a new technology. If there's a new technology that is proven and feasible, it may be added to the portfolio without needing to go through a pilot phase.

Comment 14	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change

Regarding WAC 480-109-010 (4)(b)(iii)	code enforcement	None-delete subpart (b) list	It isn't clear as to why this language was added to the WAC proposed revision, relative to how it will increase the
			effectiveness of EIA implementation.  Since code enforcement is a function of government entities, this subpart should be
			stricken from the revision.

Comment 15	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC	A utility retains the responsibility	A utility retains the operational	No rationale was provided as to how the
480-109-010 (5)	to demonstrate the prudence of all	authority and ultimate responsibility	"Draft Proposed Rule Text" will maximize
	conservation expenditures, as	for meeting the biennial	the practical application of the EIA.
	required by RCW 19.285.050(2).	conservation target. A utility must	
		demonstrate the prudence and cost-	The "PSE Proposed Rule Text Change"
		effectiveness of its conservation	reinstates the concept of a utility's
		programs to the Commission after	operational authority and emphasizes why
		the savings are achieved.	the prescriptively-oriented terms in the
			proposed revisions to 480-109-010(4)(a)(ii)
			and (iii) are inappropriate.
			The proposed language seems to imply that
			RCW 19.285.050(2) is stating and requiring
			that 'the utility retains the responsibility to
			demonstrate the prudence of all conservation
			expenditures". RCW 19.285.050(2) does not
			say that.

Comment 16	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change	
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Regarding WAC	A utility must evaluate
480-109-010 (8)	of conservation using of
	effectiveness tests cons
	those used by the coun

- e all types costsistent with ncil, except low-income conservation programs.
- (a) Low-income conservation programs should be evaluated for cost-effectiveness using the Savings-to-Investment Ratio, as described in the department's Weatherization Manual For Managing the Low-Income Weatherization Program.
- (b) Low-income conservation programs may be excluded from portfolio-level cost-effectiveness calculations.

A utility must evaluate all types of conservation using costeffectiveness tests consistent with those used by the council, including low-income conservation programs.

> (a) Low Income conservation programs are acceptable if they meet a Total Resource Cost test of 0.667.

There is no explanation for such a significant change to cost-effectiveness calculations and how it will increase the efficiency of implementing the EIA.

There are a number of issues, including but not limited to:

- If Low Income Weatherization cost-effectiveness tests are revised according to the suggestion, the utilities will now have a different criteria for electric and a different one for gas programs.
- Agencies now conduct the SIR test, so the utilities will only be providing funding and accepting the agencies' savings reporting.
- If this methodology goes into effect, the utilities may now be subject to DOE requirements, which may negatively impact LIW conservation by significantly increasing the administrative burden.
- It is preferable to apply the same cost-effectiveness tests to all programs to ensure compliance with RCW 19.285.

It is recommended that subparts (a) and (b) be deleted and allow its proven cost-effectiveness evaluation methods, and the allowed Low Income TRC levels outlined in Schedule 83. Section 9.a to continue.

Comment 17	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC	A utility must meet with its	None—not needed	There isn't a rationale for how this revision
480-109-010 (9)	conservation advisory group at		will increase the efficiency of EIA
	least four times per year.		implementation.
	Conservation advisory group		
	members may request additional		It is recommended that this section be
	meetings.		deleted, allowing the requirement to reside in
			the biennial conditions, thus allowing
			adaptive management for all stakeholders.

Comment 18	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC	Conservation advisory group	None-not needed	There is no explanation as to how the "Draft
480-109-AAA			Proposed Rule Text" will increase the
			efficiency of the EIA implementation.
All sections and			
subparts			This section is partially transferred from the
			biennial conditions, with new conditions
			added.
			It is recommended that this section be
			deleted, allowing the requirement to reside in
			the biennial conditions, thus providing
			maximum flexibility for all stakeholders.
			If it is passessary to mamorialize hispanial
			If it is necessary to memorialize biennial conditions, it is recommended that they be
			transferred in total, rather than as revised.
			transferred in total, rather than as revised.

PSE Proposed Rule Text Change

Rationale for proposed change

Comment 19

Draft Proposed Rule Text

Regarding WAC	Conservation reporting	Delete section	It is recommended that the entire BBB
480-109-BBB			section be stricken.
All sections and			It is unclear as to how this new section will
subparts			increase the efficiency of EIA implementation.
			This transfer and modification of selected biennial conditions is duplicative in some
			cases, mixes the reporting requirements and intent of separate reports, and introduces some timeframes that conflict with
			established filing requirements.
			It is inadvisable to remove conditions that are collaboratively developed and vetted by
			the advisory groups and memorialize them in a rigid format that removes the ability to adaptively manage the process.
			If reporting requirements must be transferred
			from biennial conditions, then it is recommended that they be memorialized in total, rather than as revised.

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Regarding WAC	(6) "Cost-effective" means,	Delete section.	This is redundant with respect to the law.
480-109-007 (6)	consistent with RCW 80.52.030,		"Cost-effective" is already defined in the
	that a project or resource is		law.
	forecast:		
	(a) To be reliable and available		
	within the time it is needed; and		
	(b) To meet or reduce the electric		
	power demand of the intended		
	consumers at an estimated		
	incremental system cost no		
	greater than that of the least-cost		
	similarly reliable and available		
	alternative project or resource, or		
	any combination thereof.		

Comment 21	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC	Conservation and energy	Delete the phrase "energy	The phrase "energy efficiency" does not
480-109-010	efficiency resource standard.	efficiency" and "standard":	appear anywhere in the law and is not
		"Conservation resource" or	defined therefore this term should not be
		"Energy Conservation Target".	introduced into the rule.
			The phrase "conservation standard" does not appear anywhere in the law and is not defined therefore this term should not be introduced into the rule.  The actual term used in the law (RCW 19.285.045) is "Energy Conservation Target", this term should be used consistently throughout the rules.

Comment 22	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change

Regarding WAC 480-109-020	Renewable portfolio standard.	Delete the phrase "portfolio standard":  "Renewable resource" or  "Renewable energy target".	The phrase "renewable portfolio standard" does not appear anywhere in the law and is not defined therefore this term should not be introduced into the rule.  The phrase "portfolio standard" does not appear anywhere in the law and is not defined therefore this term should not be introduced into the rule.  The actual term used in the law (RCW 19.285.045) is "Renewable Energy Target", this term should be used consistently throughout the rules.
Comment 23	Draft Proposed Rule Text All sections and subparts of	PSE Proposed Rule Text Change Delete section, all of WAC 480-109-	Rationale for proposed change  The law does not require that the WLTC
Regarding WAC 480-109-010 (7) All sections and subparts	"Incremental hydropower calculation."	Delete section, all of WAC 480-109-010(7).	The law does not require that the WUTC limit the number of reasonable and acceptable methodologies. Prescribing this in the rule also limits future unknown methods that may be both reasonable and acceptable. It seems reasonable to maintain flexibility as to the manner in which the Commission calculates "incremental hydro."  Trying to enforce one or three methods seems inconsistent with the law.

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Comment 24	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change

Regarding WAC	All sections and subparts of	Delete this section (as well as entire	The purpose of designating this method as "a
480-109-010 (7)	"Method three."	section noted earlier).	pilot method" is unclear. Requiring a utility
(c) and all			to create a separate new methodology when
subparts			the FERC has already approved an existing
			methodology may be viewed as redundant.

Comment 25	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change
Regarding WAC	Renewable portfolio standard.	Delete the phrase "portfolio	The phrase "renewable portfolio standard"
480-109-040		standard":	does not appear anywhere in the law and is
and all sections		"Renewable resource" or	not defined therefore this term should not be
and subparts		"Renewable energy target".	introduced into the rule.
			The phrase "portfolio standard" does not appear anywhere in the law and is not defined therefore this term should not be introduced into the rule.  The actual term used in the law (RCW 19.285.045) is "Renewable Energy Target", this term should be used consistently throughout the rules.

Comment 26	Draft Proposed Rule Text	PSE Proposed Rule Text Change	Rationale for proposed change

Regarding WAC	"Eligible resources",	Delete section	First, the law does not require a list of
480-109-	all sections and subparts.		eligible renewable resources.
040(2)(d)			
All sections and subparts			Second, since the principal function of the annual reporting is to report on what RECs and MWhs the utility actually used to comply with a specific <b>past</b> target year, therefore it is not necessary to list all eligible renewable resources.
			Third, the major eligible renewable resources will go through the ratemaking process (GRC, PCORC) first before they are used for compliance with the law. This has been WUTC precedent and allows a full discovery process. There is no compelling reason given to deviate from this existing process now.

egarding WAC 480-109- 040(2)(f),	"Sales", all sections and subparts.	Delete section	First, the law does not require that a utility disclose this detailed level information.
and all sections and subparts.			Second, the law does not require that a utility expose this proprietary confidential information as part of this report, therefore this rule exceeds what is necessary in the law.
			Thirdly, since the principal function of the annual reporting is to report on what RECs and MWhs the utility actually used to comply with a specific <b>past</b> target year, therefore it is not necessary to details about all sales of RECs.
			Finally, the disposition of proceeds from the sales of RECs is already handled by commission-approved accounting petition. There is no compelling reason given to deviate from this existing process now.

Regarding WAC 480-109-040(6) and all sections and subparts.	"Final compliance report", all sections and subparts.	Delete section	The law already has a requirement to file annual reports. The law already requires a utility to report on how it complied with a specific <b>past</b> target year (or two past target years).