



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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April 1, 2025

NOTICE OF OPPORTUNITY TO FILE WRITTEN COMMENTS ON DRAFT RULES
(By 5 p.m., April 18, 2025)

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). The Commission filed the CR-101 in Docket UE-210183.

BACKGROUND

CETA requires investor-owned electric utilities (IOU) (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

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.

This docket initiated the second phase of rulemakings to implement the legislation. RCW 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 19.405 RCW. 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 The Commission then requested additional analysis from the IOUs and accepted comments from other parties on May 30, 2024, and November 27, 2024.

RESPONSE TO COMMENTS AND ANALYSIS PROVIDED AFTER NOVEMBER 27, 2024

The Commission appreciates the continued engagement in Docket UE-210183, as well as the time, effort, and thoughtful analysis that has gone into this rulemaking process.

After consideration of comments on the last draft, the Commission recognizes the CETA requirement to avoid double counting means that any utility claiming renewable energy for primary compliance must demonstrate ownership of associated Renewable Energy Certificates (RECs) or nonpower attributes (NPAs). To that end, any market purchases that are claimed for primary compliance with CETA must also be accompanied by the relevant REC, if a REC is generated. The Commission recognizes that the market constructs of California ISO’s Extended Day-Ahead Market or Southwest Power Pool’s Markets+ do not currently allow for utilities to meet this requirement, and continues to work with the relevant stakeholder groups to identify solutions to this issue.

The Commission acknowledges that discrepancies between utility planning and actual results for energy output are expected, and will continue to weigh the impossibility of perfect foresight when assessing utility projections, such as the performance of preferred utility portfolios. The Commission expects that utilities will be prepared to demonstrate why discrepancies exist between previously submitted plans and actuals when assessments are made. To reflect this expectation, the

² WAC 194-40-410, WAC 194-40-415.

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

new draft rules clarify that utilities are expected to model the performance of their preferred portfolio in low renewable output conditions so that those projections may be used to inform future discussions if or when low renewable years occur.

Consistent with prior drafts, the Commission declines to include provisions in this draft requiring the Commission to reopen the rulemaking. The Commission maintains the authority to consider changes to its rules at any time, and as circumstances require, such as responding to the linkage of Washington's carbon market, and changes to day-ahead market protocols.

The Commission also clarifies that the rules regarding the reporting of storage capacity are meant to apply to supply-side resources, owned and operated by utilities, and not customer-owned storage resources.

By this notice, the Commission issues updated proposed draft rules implementing the discussed changes and other minor comments offered by commenting parties.

REQUEST FOR WRITTEN COMMENTS FOR DRAFT RULES

The Commission seeks comments from interested parties regarding the updated draft of the rules, and requests that interested parties file those comments by 5 p.m. on April 18, 2025.

The Commission will post all 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