

From: [Lauren McCloy](#)
To: [UTC DL Records Center](#); [Frankiewich, Kyle \(UTC\)](#)
Subject: FW: Follow-up from the 8 13 workshop
Date: Monday, August 16, 2021 11:22:32 AM

External Email

Records Center:

Please post the correspondence below to docket UE-210183. Thank you.

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From: Lauren McCloy <Lauren@nwenergy.org>
Date: Friday, August 13, 2021 at 3:11 PM
To: Rendahl, Ann (UTC) <ann.rendahl@utc.wa.gov>
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Subject: Follow-up from the 8 13 workshop

Commissioner Rendahl:

As a follow-up to your question about agency audits at the workshop, I wanted to clarify how we think the proposed financial accounting methodology we presented yesterday could be implemented. We have explained this in our meetings with the utilities, but I acknowledge that it wasn't clearly stated in our presentation:

1. **Documentation & Tracking:** Utilities will track and document all transactions (purchases and sales) and self-generation using e-Tags, meter data, contracts, or some combination. We believe this information is available currently, and tracked for various business purposes. Utilities would also continue to measure and track load just like they do now. (Alternatively, we support exploring a more sophisticated market-integrated tracking and documentation regime, which may be developed as part of an RTO or expanded day-ahead market, etc. Such

a system would likely be in the public interest if it provides better information to the public than the status quo.)

2. **Accounting for what was used:** Utilities will perform a true-up calculation, as Kelly described, to determine what was used to serve load. As we discussed, we think this means that line losses have to be taken into account in some way, just like they are in planning for load and assessing need. We believe line losses can easily be accounted for using the documentation mentioned above. Our proposed methodology can be applied on any time period determined by the agencies (hourly, daily, monthly, quarterly, annual, etc.). We would recommend a time period that allows for some consideration of seasonal variation in generation and load. The policy purpose of doing this is to align incentives between what resources are built and what resources are needed, avoiding over-build of resources that aren't a good fit for a utility's load.
3. **Compliance Report:** At the end of the four-year compliance period ending in 2034, utilities will add all of this up and submit a compliance report to the UTC or COM/SAO. In the first compliance period, the requirement is 80% clean + 20% alternative compliance. To prevent double-counting, all renewable energy claims must be verified with the retirement of RECs. (As we have stated previously, for the 80%, they should be bundled, for the 20%, they can be unbundled.)
4. **Auditing:** Agencies will conduct compliance audits once every four years. Agencies will employ best practices for financial audits to determine whether the utilities have met the compliance obligation. It would be reasonable for the agencies to require the utilities to also employ a third-party auditor, if that would be helpful to their review. At the agencies' discretion, it also seems reasonable for the auditor to employ sampling or other methods to balance accuracy with administrative burden.
5. **Interim Reporting:** We would suggest that interim reports of some kind be filed on a biannual or annual basis for transparency and early identification of any issues, although these would not be subject to penalties against the standard.

I hope this helps clarify how the proposal could be implemented to assess compliance with the 2030 standard. We will also share this with the rest of the stakeholder group. Please let us know if you have any additional questions about what was presented at the workshop.

Sincerely,

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Policy Director

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