

WSR 23-19-040
PREPROPOSAL STATEMENT OF INQUIRY
UTILITIES AND TRANSPORTATION
COMMISSION

[Filed September 13, 2023, 1:48 p.m.]

Subject of Possible Rule Making: The purpose of this rule making is to consider possible revisions to chapter 480-100 WAC given investor-owned utilities' (IOUs) obligations under the Climate Commitment Act (CCA), codified as chapter 70A.65 RCW. This rule making is being initiated in the context of a pending workshop docket, Docket U-230161, at the utilities and transportation commission (commission).

Statutes Authorizing the Agency to Adopt Rules on this Subject: RCW 80.01.040, 80.04.160, and 19.405.100. RCW 19.405.100(9) provides that the commission may revise rules implementing the Clean Energy Transformation Act (CETA), codified at chapter 19.405 RCW, "as needed to carry out the intent and purposes of this chapter."

Reasons Why Rules on this Subject may be Needed and What They Might Accomplish: The commission seeks to consider whether it should revise chapter 480-100 WAC given the recent inclusion of IOUs under the CCA.

In 2019, the legislature enacted CETA, which requires IOUs to eliminate coal-fired electricity by 2025, to achieve carbon neutrality by 2030, and to be carbon-free by 2045. CETA requires the commission to review clean energy implementation plans (CEIPs) filed by IOUs, and it provides the commission with broad rule-making authority.

More recently, in 2021, the legislature passed the CCA to reduce greenhouse gas (GHG) emissions from a variety of covered entities. Also referred to as "cap and invest," the law establishes a declining cap on GHG emissions from covered entities and is intended to reduce state emissions by 95 percent by 2050. IOUs subject to CETA are provided "no cost" allowances to mitigate the cost impacts of the CCA on electricity customers. RCW 70A.65.120(1). The department of ecology (department) must allocate no cost allowances to IOUs consistent with a forecast approved by the commission, reflecting each IOUs' supply and demand, as well as the cost burden resulting from inclusion of IOU under the CCA. RCW 70A.65.120(2).

In this rule making, the commission seeks to consider whether chapter 480-100 WAC should be revised given the need for supply and demand forecasts to be submitted to the department for allocation of no cost allowances. The commission specifically intends to consider potential revisions to WAC 480-100-620, 480-100-640, and 480-100-650, which set forth the requirements for integrated resource plans (IRPs), CEIPs, and subsequent reporting and compliance.

The commission seeks to consider other revisions or potential new sections for chapter 480-100 WAC, addressing (1) the use of revenues collected from an IOU through the consignment and auction of no cost allowances for the benefit of ratepayers, and (2) the allocation methodology for any potential costs associated with IOUs' implementation of the CCA.

Other Federal and State Agencies that Regulate this Subject and the Process Coordinating the Rule with These Agencies: The department is the primary rule-making agency for purposes of implementing the CCA. Pursuant to WSR 22-20-056, the department adopted rules implementing the cap and invest program in chapter 173-446 WAC. The commission intends to consult with the department in this rule-making proceeding and to limit the scope of this rule making to matters that are

properly within the commission's jurisdiction, such as the commission's approval of IOUs' forecasts and the uses of funds from auctions for ratepayers.

The department of commerce is also charged with implementing CETA as it applies to consumer-owned utilities. However, the CCA contains separate statutory provisions for consumer- and investor-owned utilities. The commission intends to consult with the department of commerce, but the commission does not anticipate that this rule making will have any significant implications for consumer-owned utilities.

Process for Developing New Rule: The commission will ask for initial written comments on the CR-101 by November 17, 2023, will seek additional written comments, and will conduct at least one stakeholder workshop.

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting Kathy Hunter, Acting Executive Director and Secretary, P.O. Box 47250, Olympia, WA 98504-7250, phone 360-664-1160, fax 360-664-1150, TTY 800-833-6283 or 711, email records@utc.wa.gov, website www.utc.wa.gov/200536.

September 13, 2023

Kathy Hunter

Acting Executive Director and Secretary