

**WSR 23-21-046**  
**PREPROPOSAL STATEMENT OF INQUIRY**  
**UTILITIES AND TRANSPORTATION**  
**COMMISSION**

[Filed October 10, 2023, 11:12 a.m.]

Subject of Possible Rule Making: The purpose of this rule making is to consider possible revisions to chapters 480-100 and 480-107 WAC and WAC 480-90-238; and potential new rules under RCW 80.28.380 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 chapters 480-100 and 480-107 WAC and WAC 480-90-238, and adopt potential new rules given the recent inclusion of IOUs under 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 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 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 IOU's supply and demand, as well as the cost burden resulting from inclusion of IOUs under 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 will also consider other revisions or potential new sections for chapter 480-100 WAC, addressing the use of revenues collected from an IOU through the consignment and auction of no cost allowances for the benefit of ratepayers.

The commission additionally intends to consider changes to WAC 480-90-238, the gas IRP rules, given the impacts of CCA on forecasts for allowances. Additionally, the commission seeks to consider changes to chapter 480-107 WAC given how CCA, impacts to forecasts, and no cost allowances may impact the purchase of resources and resource planning for electric utilities. Finally, the commission seeks to explore creating rules under RCW 80.28.380 given how obligations under CCA may impact and interact with gas companies' conservation targets.

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 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 IOU's forecasts and the use of funds from auctions for rate-payers.

The department of commerce is also charged with implementing CETA as it applies to consumer-owned utilities. However, 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 December 15, 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](http://www.utc.wa.gov/200536).

October 10, 2023

Kathy Hunter

Acting Executive Director and Secretary