



STATE OF WASHINGTON  
DEPARTMENT OF COMMERCE

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## Implementation Plan – Clean Energy Transformation Act Rulemaking

August 27, 2019

The Washington State Department of Commerce (Commerce) is developing administrative rules to support the Clean Energy Transformation Act (CETA, Chapter 288, Laws of 2019) – Washington’s 100% clean electricity legislation. The rulemaking requirements of this legislation are significant, and this implementation plan provides stakeholders with guidance on the expected scope and timing of the agency’s work.

CETA took effect immediately when it was signed by Governor Inslee on May 7, 2019. Commerce initiated the rulemaking process in July 2019 by issuing a preproposal notice of inquiry (CR-101).<sup>1</sup> Commerce convened two initial workshops on July 30 and August 1 to provide stakeholders with an opportunity to offer feedback on their issues and priorities. The comments and discussion at these workshops were very helpful to the agency in preparing this implementation plan.

The implementation plan also reflects the efforts of various state agencies to coordinate and support their responsibilities in implementing CETA. In particular, Commerce has worked closely with the Washington Utilities and Transportation Commission (UTC) in developing coordinated implementation plans.

Commerce may revise its plan depending on changing circumstances, including staffing resources, workload not associated with the rulemaking, changes in law or any other unforeseen circumstances.

Stakeholders are encouraged to use the agency’s CETA web page ([commerce.wa.gov/ceta](http://commerce.wa.gov/ceta)) to learn more about this work and find details on specific workshops and comment opportunities as they become available. Sign up for email updates when you visit the page to receive notifications about the rulemaking work.

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<sup>1</sup> Washington State Register 19-14-050. A copy of the notice is available on Commerce’s CETA web page: [commerce.wa.gov/ceta](http://commerce.wa.gov/ceta).

## Phase I: July 2019 – December 2020

Project	Scope <sup>2</sup>	Timing
<p>Low-income Energy Burden, Energy Assistance and the Equitable Distribution of Energy Benefits</p>	<p>Sections 1.6, 4.8, 6.1.c, 12, 14.1.k, 24</p> <p>Develop guidelines for data collection</p>	<p>Initial workshop August 1, 2019. Workgroup meetings through 2020.</p> <p>Develop guidelines for Sec. 12 data collection and definitions by January 2020.</p> <p>Sec. 12 data collection begins July 2020.</p>
<p>Energy Independence Act (EIA) Rulemaking</p>	<p>Sections 28 and 29, amending Chapter 194-37 WAC.</p> <ul style="list-style-type: none"> <li>• Federal incremental hydro</li> <li>• Updated REC language</li> <li>• Other issues stakeholders may identify</li> </ul>	<p>Initial workshop August 22, 2019.</p> <p>Comments on draft rules due September 6, 2019.</p> <p>Conclude 4Q2019.</p>
<p>Social Cost of Greenhouse Gas Emissions</p>	<p>Section 14(3).</p> <p><i>Note: The scope of this project is limited to establishing the cost values. Any issues regarding methodology to incorporate costs in planning or evaluation would be addressed with other planning requirements.</i></p>	<p>Initial workshop August 22, 2019.</p> <p>Comments on draft rules due September 6, 2019.</p>

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<sup>2</sup> Section references in this table are to E2SSB 5116 (Chapter 288, Laws of 2019), unless otherwise noted. Subsection references use the format of 6.1.a instead of 6(1)(a).

Project	Scope <sup>2</sup>	Timing
		Conclude 4Q2019.
Department of Health Work Group	Cumulative Impact Analysis (Sec. 24) Participate in the Department of Health’s work group on cumulative impact analysis.	Started 3Q2019
Markets Workgroup (with UTC)	Section 13: With UTC, initiate a Carbon and Electricity Markets Workgroup for regular discussions to inform Phase II rulemaking.	Start 3Q2019
Planning Requirements	Section 6 (Clean Energy Implementation Plan), Section 14 (Integrated Resource Plans and Resource Plans) <ul style="list-style-type: none"> <li>• Interim targets (6.2)</li> <li>• Demonstration of progress toward GHG Neutral and 100% standards (6.2)</li> <li>• Methodology for incorporating social cost of GHG emissions (6.3)</li> <li>• Methodologies and standards (14.1)</li> <li>• Clean energy action plan (14.1)</li> <li>• Action plan for small or full requirements utilities (14.5)</li> <li>• Interval for developing resource plans and IRPs (Sec. 14.8)</li> </ul> <p><i>Note: This is a pre-workshop list of issues and may be incomplete. Commerce has not determined that rules are required on any of these topics.</i></p>	Initial workshop September 18, 2019. Complete 4Q2020.
Reporting and Demonstration of Compliance	<ul style="list-style-type: none"> <li>• Documentation of nonemitting electric generation (4.1)</li> <li>• Demonstration that electricity is used and delivered to retail electric customers (multiple references)</li> <li>• REC documentation and retirement (4.1)</li> <li>• Greenhouse gas emission reporting (7.1)</li> <li>• Compliance reporting (10.4)<sup>3</sup></li> <li>• Submission of clean energy implementation plan (6.2)</li> </ul>	Initial workshop October 21, 2019. Complete 4Q2020.

<sup>3</sup> Section 10.4 requires that Commerce adopt rules establishing reporting requirements for all electric utilities to demonstrate compliance with CETA. Commerce will coordinate with UTC in developing these rules.

Project	Scope <sup>2</sup>	Timing
	<ul style="list-style-type: none"> <li>• Compliance requirements for interim targets (6.2)</li> <li>• Temporary exemption, demonstration of plan to achieve full compliance (9.5)</li> </ul> <p><i>Note: This is a pre-workshop list of issues and may be incomplete. Commerce has not determined that rules are required on any of these topics.</i></p>	
Energy Transformation Projects (Ecology)	<p>Sections 4.2, 10.7</p> <p>Participate in and consult with the Department of Ecology’s rulemaking on energy transformation projects. Consider whether to adopt Commerce rules.</p>	Expected Start 4Q2019
Emissions Factors (Ecology)	<p>Sections 2.22, 7</p> <p>Emissions factors for greenhouse gas content calculation</p>	Expected Start 4Q2019
Streamline EIA and CETA Requirements	<p>Section 10.1</p> <p>Coordinate with UTC in developing rules related to process, timelines, and documentation.</p>	Initial workshop August 22, 2019. Complete 4Q2020.
Cost Methodology for Rate Impact Provision	<p>Sections 6.4, 6.5</p>	Start 1Q2020, complete 4Q2020
Thermal Renewable Energy Credits (T-RECS)	<p>Section 10.8.</p> <p>Compare to Appendix G, <a href="#">WREGIS Operating Rules</a>.</p>	Start 2Q2020, complete 4Q2020

## Phase II: January 2021 – June 30, 2022

Phase II includes rulemakings required by E2SSB 5116 with deadlines after January 1, 2021.

Project	Scope	Timing
Cumulative Impact Analysis Rulemaking <sup>4</sup>	Section 14.11 Amending WAC 194-40 (new CETA rules) adopted earlier for integrated resource planning.	Complete 4Q2021
Carbon and Electricity Markets Rulemaking <sup>5</sup>	Chapter 13 Establish eligibility and verification requirements for load met with market purchases. Adopt provisions to prevent double-counting of nonpower attributes of unbundled RECs used for GHG Neutral compliance.	Complete 2Q2022

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<sup>4</sup> This rulemaking will rely on a cumulative impact analysis developed by the Department of Health. The deadline for the cumulative impact analysis is December 31, 2020 (SB 5116, Sec. 24). We assume here that the rulemaking will commence after January 1, 2021.

<sup>5</sup> This project will begin with a stakeholder work group in 2019, in cooperation with the Utilities and Transportation Commission. UTC will be conducting a concurrent rulemaking on the same topic. We assume the rulemaking will begin after January 1, 2021.