Chapter 194-40 Clean Energy Transformation

Planning Requirements

Planning Workshop Discussion Draft

WAC 194-40-200 – Clean energy implementation plan [19.405.060]

(1) Each utility must identify in each CEIP the specific actions to be taken by the utility during the next interim compliance period or GHG neutral compliance period to demonstrate progress toward meeting the standards under RCW 19.405.040(1) and 19.405.050(1) and the interim targets proposed under subsections (2) and (3).

(2) The CEIP must specify an interim target for the percentage of retail load to be served using renewable and nonemitting resources during the period covered by the CEIP.
   a. The interim target may provide for the use of alternative compliance options identified in RCW 19.405.040(1)(b).
   b. The interim target may reflect an assumption of median water conditions for the utility's owned or contracted hydroelectric resources.

(3) The CEIP must specify specific targets, for the interim compliance period or GHG neutral compliance period covered by the CEIP, for each of the following categories of resources:
   a. **Energy efficiency.** The utility must specify a target for the amount, expressed in megawatt-hours of first-year savings, of energy efficiency resources expected to be acquired during the period. The energy efficiency target must comply with WAC 194-40-330(1).
   b. **Demand response resources.** The utility must specify a target for the amount, expressed in megawatts, of demand response resources expected to be acquired during the period. The demand response target must comply with WAC 194-40-330(2).
   c. **Renewable energy.** The utility's target for renewable energy must identify the increased quantity in MWh of renewable electricity, relative the average quantity of renewable electricity used in the four years prior to the period.

(4) The CEIP must describe specific actions to be taken during the period by the utility to ensure that all customers are benefiting from the transition to clean energy, as required by RCW 19.405.040(8). The CEIP must, at a minimum:
   a. Assess the potential effect of the utility's planned resource acquisitions and programs on the distribution of energy and nonenergy benefits among the utility's customers. For example, any action, resource acquisition, or program that modifies the electricity consumption of individual customers has a potential positive or negative effect on the equitable distribution of energy and nonenergy benefits.

b. Identify the highly impacted communities, as defined in RCW 19.405.020(23), that are affected by the utility's operations and assess the potential effect of the utility's planned resource acquisitions and programs on the benefits and burdens of those communities.
c. Identify the vulnerable populations, as defined in RCW 19.405.020(40), that are affected by the utility's operations and assess the potential effect of the utility's planned resource acquisitions and programs on the benefits and burdens of those populations.
d. Describe the potential effect of the utility's planned resource acquisitions and programs on (i) long-term and short-term public health and environmental benefits and (ii) energy security and resiliency.
e. Describe the process of outreach and public input conducted by the utility to make the assessments required by this subsection (4).

(5) The CEIP must include a summary of public comments from the process conducted in compliance with WAC 194-40-220 and a description of how those comments were reflected in the CEIP.
(6) The CEIP must be consistent with the most recent integrated resource plan or resource plan, as applicable, prepared by the utility under RCW 19.280.030.
(7) The CEIP must be informed by the consumer-owned utility's clean energy action plan developed under RCW 19.280.030(1) or other ten-year plan developed under RCW 19.280.030(5).
(8) If applicable, the CEIP must include the information required in WAC 194-40-230.

WAC 194-40-210 – Resource adequacy standard [19.280.030]

(1) Each utility must establish a standard for resource adequacy to be used in resource planning, including assessing the need and type of generating resources, demand response resources, and conservation resources. The resource adequacy standard must be consistent with prudent utility practices and relevant regulatory requirements and must include reasonable and nondiscriminatory:
    a. Measures of adequacy, including peak load standards,
    b. Methods of measurement, and
    c. Measures of resource contribution to resource adequacy applicable to all resources available to the utility, including but not limited to renewable, storage and demand response resources.

(2) A utility that establishes a resource adequacy standard that is inconsistent with the resource adequacy standard of the Northwest Power Planning Council and the resource adequacy program of the NW Power Pool must demonstrate that its standard meets the requirements of subsection (1) and does not burden customers of other utilities with a risk of inadequate resources.

WAC 194-40-220 – Public input for planning [19.405.060]

(1) Each utility must establish and implement a public input process that provides reasonable opportunity for its customers and interested stakeholders to provide input to the utility prior to the adoption by the utility of a CEIP, an integrated resource plan, or a resource plan, as applicable.
(2) In assessing whether a public input opportunity is reasonable, the utility must consider any barriers to public participation due to language, cultural, economic or other factors.

194-40-110 – Methodologies to incorporate social cost of greenhouse gas emissions [19.280.030(3)]

(1) Each utility must incorporate the social cost of greenhouse gas emissions as a cost adder for all relevant inputs when evaluating and selecting conservation policies, programs, and targets; developing integrated resource plans, resource plans, and clean energy action plans; and evaluating and selecting intermediate term and long-term resource options.

(2) A utility may comply with the requirements of subsection (1) by using one of the following analytical approaches, as appropriate and consistent with the utility's overall analytical approach for resource evaluation and selection:

a. Performing a resource analysis in which it increases the input cost of each fossil fuel by an amount equal to the social cost of greenhouse gas emissions value of that fuel;

b. Conducting a resource analysis in which alternative resource portfolios are compared across multiple scenarios on the basis of cost, risk, and other relevant factors and the aggregate social cost of greenhouse gas emissions is included in the cost of each resource portfolio;

c. Adding the social cost of greenhouse gas emissions to the expected market price of electricity, using an estimate of the emissions rate of marginal generating resources; or

d. Using another analytical approach that includes a comprehensive accounting of the difference in greenhouse gas emissions and social cost of greenhouse gas emissions between resource alternatives.

(3) Any methodology used to comply with this rule may assume that the social cost of greenhouse gas emissions cost adder does not affect short-term operations or dispatch decisions after energy resources are acquired and placed into service.

(4) Any methodology used to comply with this rule must ensure that the social cost of greenhouse gas emissions cost adder is accounted for without unreasonable duplication or double counting. Examples of potential duplication include: (a) Applying the social cost of greenhouse gas emissions cost adder to fuel inputs and to electricity market prices that are derived from fuel costs, (b) Applying the social cost of greenhouse gas emissions cost adder to fuel inputs and resource portfolio outputs, and (c) Applying the social cost of greenhouse gas emissions cost adder and a carbon tax or fee.

(5) The social cost of greenhouse gas emissions values used to meet the requirements of this rule are specified in WAC 194-40-100.