PROPOSED RULE MAKING

CR-102 (December 2017)
(Implements RCW 34.05.320)
Do **NOT** use for expedited rule making

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DATE: October 21, 2020
TIME: 11:07 AM

WSR 20-21-108

Agency: Department of Commerce

☒ **Original Notice**

☐ **Supplemental Notice to WSR _____**

☐ **Continuance of WSR _____**

☒ **Preproposal Statement of Inquiry was filed as WSR** 19-14-050 **; or**

☐ **Expedited Rule Making--Proposed notice was filed as WSR _____; or**

☐ **Proposal is exempt under RCW 34.05.310(4) or 34.05.330(1); or**

☐ **Proposal is exempt under RCW _____.**

Title of rule and other identifying information: (describe subject) Chapter 194-40 WAC – Clean Energy Transformation Act

Hearing location(s):

Date:	**Time:**	**Location:** (be specific)	**Comment:**
December 2	9:00 a.m.	Zoom meeting	This hearing will be virtual only. Please check the Clean Energy Transformation Act (CETA) webpage for meeting information: https://www.commerce.wa.gov/growing-the-economy/energy/ceta/

Date of intended adoption: December 21 (Note: This is **NOT** the **effective** date)

Submit written comments to:

Name: Glenn Blackmon and Sarah Vorpahl
Address: P.O. Box 42525, Olympia, WA 98504
Email: ceta@commerce.wa.gov
Fax:
Other:
By (date) December 2, 2020

Assistance for persons with disabilities:

Contact Austin Scharff
Phone: 360.764.9632
Fax:
TTY:
Email: ceta@commerce.wa.gov
Other:
By (date) December 2, 2020

Purpose of the proposal and its anticipated effects, including any changes in existing rules: The proposed rules ensure proper implementation and enforcement of the Clean Energy Transformation Act (CETA), as provided for in RCW 19.405.100, and establish methodologies, reporting and planning requirements, and procedures for electric utilities subject to CETA. The proposed rules: establish reporting requirements for electric utilities to demonstrate compliance with CETA, establish content and process requirements for clean energy implementation plans, establish requirements for utilities to evaluate and track the equity and distributional effects of their clean energy transformation actions, provide a methodology for use if a utility exercise the cost limitation provision in RCW 19.405.060, provide a methodology for incorporating the cost of greenhouse gas emissions in resource evaluation and acquisition decisions, require that utilities adopt standards to ensure adequate and reliable electric service, establish verification approaches for various standards in CETA, provide standards for

thermal renewable energy credits, and establish other requirements to ensure proper implementation and enforcement of CETA. The proposed rules apply to consumer-owned utilities, such as municipal utilities, public utility districts, and rural cooperative or mutual utilities. In some cases, the proposed rules also apply to investor-owned utilities.

Reasons supporting proposal: The rules are proposed to ensure proper implementation of the state's landmark 100% clean electricity standard. CETA puts Washington on a path to eliminate coal-fired electric generation after 2025, achieve a greenhouse gas-neutral electricity supply by 2030, and achieve 100% renewable and non-emitting generation by 2045. It requires progress in reducing the energy burden of low-income customers, reducing disproportionate impacts on vulnerable populations and highly impacted communities, and preserving reliable and affordable electric service for business, industry, and households.

Statutory authority for adoption: RCW 19.405.100; RCW 19.405.060,

Statute being implemented: Chapter 19.405 RCW

Is rule necessary because of a:

Federal Law?	☐ Yes	☒ No
Federal Court Decision?	☐ Yes	☒ No
State Court Decision?	☐ Yes	☒ No

If yes, CITATION:

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters: None

Name of proponent: (person or organization) Department of Commerce

☐ Private
☐ Public
☒ Governmental

Name of agency personnel responsible for:

	Name	Office Location	Phone
Drafting:	Glenn Blackmon and Sarah Vorpahl	1011 Plum Street SE P.O. Box 42525 Olympia, WA 98504-2525	(360) 339-5619 or (360) 688-6000
Implementation:	Department of Commerce	1011 Plum Street SE P.O. Box 42525 Olympia, WA 98504-2525	360 407-6000
Enforcement:	Attorney General	1125 Washington Street SE PO Box 40100 Olympia, WA 98504-0100	360 725-6200

Is a school district fiscal impact statement required under RCW 28A.305.135? ☐ Yes ☒ No

If yes, insert statement here:

The public may obtain a copy of the school district fiscal impact statement by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes: A preliminary cost-benefit analysis may be obtained by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

☒ No: Please explain: RCW 34.05.328 does not apply to the Department of Commerce.

Regulatory Fairness Act Cost Considerations for a Small Business Economic Impact Statement:

This rule proposal, or portions of the proposal, **may be exempt** from requirements of the Regulatory Fairness Act (see chapter 19.85 RCW). Please check the box for any applicable exemption(s):

☐ This rule proposal, or portions of the proposal, is exempt under RCW 19.85.061 because this rule making is being adopted solely to conform and/or comply with federal statute or regulations. Please cite the specific federal statute or regulation this rule is being adopted to conform or comply with, and describe the consequences to the state if the rule is not adopted.

Citation and description:

☐ This rule proposal, or portions of the proposal, is exempt because the agency has completed the pilot rule process defined by RCW 34.05.313 before filing the notice of this proposed rule.

☐ This rule proposal, or portions of the proposal, is exempt under the provisions of RCW 15.65.570(2) because it was adopted by a referendum.

☒ This rule proposal, or portions of the proposal, is exempt under RCW 19.85.025(3). Check all that apply:

- ☐ RCW 34.05.310 (4)(b) (Internal government operations)
- ☐ RCW 34.05.310 (4)(c) (Incorporation by reference)
- ☐ RCW 34.05.310 (4)(d) (Correct or clarify language)
- ☒ RCW 34.05.310 (4)(e) (Dictated by statute)
- ☐ RCW 34.05.310 (4)(f) (Set or adjust fees)
- ☐ RCW 34.05.310 (4)(g) ((i) Relating to agency hearings; or (ii) process requirements for applying to an agency for a license or permit)

☐ This rule proposal, or portions of the proposal, is exempt under RCW _____.

Explanation of exemptions, if necessary:

COMPLETE THIS SECTION ONLY IF NO EXEMPTION APPLIES

If the proposed rule is **not exempt**, does it impose more-than-minor costs (as defined by RCW 19.85.020(2)) on businesses?

☒ No Briefly summarize the agency's analysis showing how costs were calculated.

SUMMARY OF COST CALCULATIONS

SECTION 1:

Describe the proposed rule, including: A brief history of the issue; an explanation of why the proposed rule is needed; a brief description of the probable compliance requirements and the kinds of professional services that a small business is likely to need in order to comply with the proposed rule.

1.1 The Clean Energy Transformation Act

The Clean Energy Transformation Act is a comprehensive 100% clean electricity law with specific standards and requirements established by the Legislature. The Legislature authorized or required Commerce to adopt rules to ensure the proper implementation of the Clean Energy Transformation Act (CETA) as it applies to consumer-owned utilities (RCW 19.405.100). It directed Commerce to establish reporting requirements for all utilities to demonstrate compliance with CETA. The Legislature required Commerce to make these requirements, to the extent practicable, consistent with the disclosure required under RCW 19.29A.

The Legislature also required that Commerce establish a methodology for implementing the incremental cost of compliance under RCW 19.405.060, as compared to the cost of an alternative lowest reasonable cost portfolio of investments that are reasonably available. It also mandated that Commerce provide a methodology for the measurement and tracking of thermal renewable energy credits.

1.2 Regulatory Fairness Act

The Regulatory Fairness Act (RFA), chapter 19.85 RCW, requires that an agency prepare a small business economic impact statement for a proposed rule if the proposed rule will impose more than minor costs on businesses in an industry. If the proposed rule does so, the agency must determine if the rule would have a disproportionate compliance cost burden on small business, and if legal and feasible, must reduce this disproportionate impact.

1.3 Likely Impact of the Proposed Rules

Commerce published a Request for Cost Information seeking information from electric utilities to assist in its estimation of costs for this purpose. No utility provided cost information. Commerce identified rule provisions that might result in costs, beyond those costs that would be incurred to comply with the statute itself. It estimated the cost impact of those rules to be $993. This is below the minor cost threshold of $356,687 per year for the electric power distribution industry, as calculated using the Minor Cost Threshold Calculated (updated July 2020) of the Governor's Office of Regulatory Innovation and Assistance.

SECTION 2:

Identify which businesses are required to comply with the proposed rule using the North American Industry Classification System (NAICS) codes.

The proposed rules apply to electric utilities that provide service to retail customers in Washington. Commerce has determined that, for the purposes of this analysis, the industry is Electric Power Distribution (NAICS 221122).

SECTION 3:

Analyze the probable cost of compliance. Identify the probable costs to comply with the proposed rule, including: cost of equipment, supplies, labor, professional services and increased administrative costs.

Commerce requested cost information from electric utilities and their representative associations during a stakeholder workshop on July 27, 2020 and with a written request posted on Aug. 14, 2020. Commerce requested that utilities submit information by Sept. 14, 2020. At its Sept. 2, 2020 rulemaking workshop, Commerce provided an opportunity for utilities to ask questions about the request. Stakeholders requested additional time, and Commerce extended the submission date to Sept. 25, 2020. The request was featured in Commerce's weekly CETA bulletins from the middle of August to the end of September. No utility provided cost information.

Commerce estimated the probable cost of compliance based on its knowledge of the statute and proposed rules and its experience with reporting and public involvement activities. CETA is a comprehensive clean energy standard with detailed requirements established in statute, and as a result of the detailed statutory provisions, most of the proposed rules do not result in any cost to utilities beyond what the utilities will incur to comply with the statute itself. The possible exceptions to this conclusion are discussed below.

Commerce developed the cost estimates using wage estimates from Washington State Employment Security Department's 2020 Occupational Employment and Wages Estimates.

3.1 Proposed WAC 194-40-050 Submission of the Clean Energy Implementation Plan
Proposed WAC 194-40-050(1) provides procedural requirements for submission of the clean energy implementation plan (RCW 19.405.060). It does not impose any substantive requirements on utilities.

Proposed WAC 194-40-050(2) requires that each utility submit a summary of its public input process and how comments were reflected in the CEIP, integrated resource plan (IRP), and other planning documents, as applicable. The cost of preparing the summary will vary with the volume of comments and other input and the degree to which that input suggests the utility take different approaches. It is likely that utilities with fewer ratepayers will have fewer comments, requiring less effort to summarize and respond to comments.

Public relations specialists could perform this work. The median hourly wage for a public relations specialist is $33.88. The estimated time required to prepare a summary and response is 40 hours. The estimated total cost is $1,355. This cost will be incurred every four years. The annual cost is $339.

3.2. Proposed WAC 194-40-220 Public Input for Planning

Proposed WAC 194-40-220 specifies public involvement requirements for utilities in the development of CEIPs and the plans that are used to prepare the CEIP. There are statutory requirements concerning public input in the development and adoption of these plans. RCW 19.405.060(2)(b) requires that a utility conduct a public hearing before adopting a CEIP. RCW 19.280.050 requires that a utility encourage participation of its customers in development of integrated resource plans, clean energy implementation plans, and 10-year action plans. In addition to these statutory requirements, community engagement is a common practice of consumer-owned utilities, who are overseen by popularly elected boards or by member boards. As a result, it would be reasonable to conclude that compliance with proposed WAC 194-40-220 will not result in costs above what the utilities would incur anyway.

However, to be conservative, Commerce assumes that utilities will engage in additional outreach as a result of this rule. Commerce assumes that each utility will conduct three additional two-hour workshops using four employees and that each workshop will require two hours of preparation (48 employee hours total). Commerce also assumes that utilities will spend a total of eight hours considering barriers to participation and eight hours to ensure community engagement around the utility's planning documents. Commerce assumes utilities will use existing communications tools, such as bill inserts, websites, and electronic mail, to notify customers of planning activities. Commerce assumes utilities will use existing meeting space and virtual conferencing centers to convene community meetings.

This work would likely be performed by a planning specialist. The most representative occupation in the ESD data is an urban and regional planner. The median hourly wage for this occupation is $40.87. The estimated cost of WAC 194-40-220 is $2,616. This cost will be incurred every four years. The annual cost is $654.

3.3 Proposed WAC 194-40-360 Notice of Temporary Exemption
This rule requires that a utility provide notice to Commerce if it is considering action to grant itself a temporary exemption for reliability reasons. Commerce assumes a utility will notify the agency via electronic mail. A utility would only incur costs of preparing a notice if it chooses to consider a temporary exemption. Commerce estimates the costs of preparing and sending a notice to be negligible.

SECTION 4:
Analyze and determine whether the proposed rule may impose more than minor costs on businesses

Commerce estimated the cost of compliance with the proposed rules to be $993 per year. This is below the minor cost threshold of $356,687 per year for the electric power distribution industry, as calculated using the Minor Cost Threshold Calculated (updated July 2020) of the Governor's Office of Regulatory Innovation and Assistance.

SECTION 5:

Identify the steps taken to reduce the costs of the rule on small businesses.

This section is not required given the conclusion in Section 4. Nonetheless, Commerce would like to take the opportunity to identify efforts to reduce cost impacts of the Clean Energy Transformation Act, particularly for small businesses. The provisions identified below apply to utilities with less than 25,000 customers and utilities that rely entirely on the Bonneville Power Administration (BPA) for wholesale electricity supply.

Resource planning requirements
The Legislature strengthened resource planning requirements in RCW 19.280.030 without applying most of those requirements to small utilities.

Resource adequacy standard
Small utilities must establish a standard for resource adequacy but proposed WAC 194-40-210 exempts small utilities from more detailed elements.

Simplified CEIP
Proposed WAC 194-40-200 allows small utilities to adopt a CEIP using a simplified form provided by Commerce.

Energy efficiency planning and targets
Proposed WAC 194-40-330 allows small utilities to use regional studies prepared by BPA rather than conducting individual utility studies.

Analysis incorporating the costs of greenhouse gas emissions
Proposed WAC 194-40-110 includes a simplified method for incorporating the cost of greenhouse gas emissions that is available to small utilities that are not required to prepare an integrated resource plan using a comprehensive resource portfolio evaluation and optimization approach.

☐ Yes Calculations show the rule proposal likely imposes more-than-minor cost to businesses, and a small business economic impact statement is required. Insert statement here:

The public may obtain a copy of the small business economic impact statement or the detailed cost calculations by contacting:

Name:
Address:
Phone:
Fax:
TTY:
Email:
Other:

Date: October 21, 2020	**Signature:**
Name: Dave Pringle	
Title: Rules Coordinator	

NEW SECTION

WAC 194-40-022 Severability. If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected.

NEW SECTION

WAC 194-40-030 Definitions. Unless specifically provided otherwise, the terms defined in RCW 19.405.020 have the same meaning in this chapter.

"100% Clean electricity standard" means the standard established in RCW 19.405.050(1) and any requirements necessary for compliance with that standard.

"BPA" means the Bonneville Power Administration.

"CEIP" means a clean energy compliance plan prepared in compliance with RCW 19.405.060.

"GHG neutral compliance period" means each of the periods identified in RCW 19.405.040 (1)(a).

"GHG neutral standard" means the standard established in RCW 19.405.040(1) and any requirements necessary for compliance with that standard.

"Indicator" means an attribute, either quantitative or qualitative, of a condition, resource, program or related distribution investment that is tracked for the purpose of evaluating change over time.

"Interim performance period" means either of the following periods:

(a) From January 1, 2022, until December 31, 2025; and

(b) From January 1, 2026, until December 31, 2029.

"Interim target" means a target established in compliance with RCW 19.405.060 (2)(a)(i). An interim target may cover an interim performance period or a GHG neutral compliance period.

"REC" means renewable energy credit.

"Retail revenue requirement" means that portion of a utility's annual budget approved by its governing body that is intended to be recovered through retail electricity sales in the state of Washington in the applicable year. It includes revenues from any retail rate or charge that is necessary to receive electric service from the utility and does not include the effect of taxes imposed directly on retail customers.

"Verification protocol" means a procedure or method used, consistent with industry standards, to establish with reasonable certainty that a conservation, energy efficiency, or demand response measure was installed and is in service. Industry standards include a range of appropriate protocols reflecting a balance of cost and accuracy, such as tracking installation of measures through incentive payments and the use of on-site inspection of measures installed as part of a customer-specific project.

"WREGIS" means the Western Renewable Energy Generation Information System.

NEW SECTION

WAC 194-40-040 Performance and compliance reporting for the GHG neutral standard and 100% clean electricity standard. (1) Each consumer-owned utility and each investor-owned utility must submit an interim performance report by July 1, 2026, and by July 1, 2030, documenting the utility's progress during the prior interim performance period in reaching compliance with the GHG neutral standard beginning in 2030.

(2) Each consumer-owned utility and each investor-owned utility must submit a compliance report by July 1, 2034, and within six months of the end of each subsequent GHG neutral compliance period, documenting the utility's compliance with the GHG neutral standard during the GHG neutral compliance period and its progress in reaching compliance with the 100% clean electricity standard beginning in 2045.

(3) Each consumer-owned utility and each investor-owned utility must submit a compliance report by July 1, 2046, and by July 1st of each year thereafter, documenting the utility's compliance with the 100% clean electricity standard.

(4) Each report required under subsections (1) and (2) of this section must be submitted using a form provided by commerce and must include the following information for the relevant interim performance period or GHG neutral compliance period:

(a) The amount of renewable resources and nonemitting electric generation used during the period, as a percentage of retail electric loads, compared to the target amount established and reported in the clean energy implementation plan (CEIP) of the utility for that period.

(b) The amount of conservation and energy efficiency resources acquired during the period, compared to the target amount established and reported in the CEIP of the utility for that period.

(c) The amount of demand response resources acquired during the period, compared to the target amount established and reported in the CEIP of the utility for that period.

(d) The amount of electricity used from renewable resources, in megawatt-hours, compared to the target amount established and reported in the CEIP of the utility for that period.

(e) The amount of electricity used from nonemitting resources, in megawatt-hours over the period.

(f) Identification of any resources other than a renewable resource or energy storage acquired during the period and demonstration that the acquisition was consistent with the requirements of WAC 194-40-340.

(g) A detailed report of any use of each of the following alternative compliance options:

(i) Alternative compliance payments;

(ii) Unbundled renewable energy credits;

(iii) Credits from energy transformation projects;

(iv) Electricity from the Spokane municipal solid waste to energy facility (if it is determined to provide a net reduction in GHG emissions).

(h) A report to demonstrate whether and how, consistent with RCW 19.405.040(8) and the utility's CEIP for the period, all customers are benefiting from the transition to clean energy. The report must provide:

(i) Results for each indicator established in the CEIP;

(ii) An explanation of how the specific actions taken by the utility are consistent with the requirements in RCW 19.405.040(8); and

(iii) An analysis of whether the forecasted distribution of benefits and reductions of burdens accrued or are reasonably expected to accrue to highly impacted communities, vulnerable populations, and all other customers.

(i) For each specific action identified in the CEIP for the period, pursuant to WAC 194-40-200(1), a summary of the actions taken and their results.

(j) For any measurement of achievement reported under (a) through (e) of this subsection that is less than the respective target established in the CEIP, an explanation of the variation from target and any intended actions to offset the variation in the next period.

(k) Any other information necessary to demonstrate compliance with the requirements of CETA that are applicable during the period.

NEW SECTION

WAC 194-40-050 Submission of clean energy implementation plan. (1) Each utility must submit by January 1, 2022, and every four years thereafter, a clean energy implementation plan (CEIP) for resources to be acquired and other actions to be undertaken during the next interim performance period or GHG neutral compliance period to comply with the GHG neutral standard and the 100% electricity clean standard. The CEIP must be submitted using a form provided by commerce.

(2) Each utility must submit with its CEIP a summary of the public input process conducted in compliance with WAC 194-40-220 and a description of how public comments were reflected in the specific actions under WAC 194-40-200(4), including the development of one or more indicators and other elements of the CEIP and the utility's supporting integrated resource plan or resource plans, as applicable.

NEW SECTION

WAC 194-40-060 Reporting fuel mix and greenhouse gas emission. (1) Each consumer-owned utility and each investor-owned utility must submit by July 1, 2021, and each year thereafter, a fuel mix source and disposition report for the previous calendar year, consistent with RCW 19.29A.140, using a form provided by commerce.

(2) Each utility must submit by July 1, 2021, and each year thereafter, a greenhouse gas content calculation for the previous calendar year.

(a) The greenhouse gas content calculation must be based on the quantities and fuel sources, including unspecified sources, of electricity identified in the source and disposition report required under subsection (1) of this section and must include all generating resources providing service to retail customers of that utility in Washington state, regardless of the location of the generating resource.

(b) The greenhouse gas content calculation must comply with the calculation requirements established by the department of ecology in chapter 173-444 WAC.

NEW SECTION

WAC 194-40-110 Methodologies to incorporate social cost of greenhouse gas emissions. (1)(a) 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 and clean energy action plans; and evaluating and selecting intermediate term and long-term resource options.

(b) The greenhouse gas emissions cost adder may be adjusted to account for any explicit tax or fee on greenhouse gas emissions that is known or assumed in the resource analysis.

(2) A utility may comply with the requirements of subsection (1) of this section by using one of the following analytical approaches, as appropriate and consistent with the utility's overall analytical approach for resource planning, 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 added to the cost of each resource portfolio;

(c) If the utility does not use a comprehensive resource portfolio evaluation and optimization approach: 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.

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

NEW SECTION

WAC 194-40-200 Clean energy implementation plan. (1) **Specific actions.** Each utility must identify in each CEIP the specific actions the utility will take during the next interim performance 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) of this section. Specific actions must be consistent with the requirements of RCW 19.405.060 (2)(a)(iv).

(2) **Interim target.** The CEIP must establish an interim target for the percentage of retail load to be served using renewable and nonemitting resources during the period covered by the CEIP. The interim target must demonstrate progress toward meeting the standards under RCW 19.405.040(1) and 19.405.050(1), if the utility is not already meeting the relevant standard.

(3) **Specific targets.** The CEIP must establish specific targets, for the interim performance period or GHG neutral compliance period covered by the CEIP, for each of the following categories of resources:

(a) **Energy efficiency.**

(i) The CEIP must establish 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).

(ii) A utility may update its CEIP to incorporate a revised energy efficiency target to match a biennial conservation target established by the utility under RCW 19.285.040 (1)(b) and WAC 194-37-070.

(b) **Demand response resources.** The CEIP must specify a target for the amount, expressed in megawatts, of demand response resources 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 quantity in megawatt-hours of renewable electricity to be used in the period.

(4) **Specific actions to ensure equitable transition.** To meet the requirements of RCW 19.405.040(8), the CEIP must, at a minimum:

(a) Identify each highly impacted community, as defined in RCW 19.405.020(23), and its designation as either:

(i) A community designated by the department of health based on cumulative impact analyses; or

(ii) A community located in census tracts that are at least partially on Indian country.

(b) Identify vulnerable populations based on the adverse socioeconomic factors and sensitivity factors developed through a public process established by the utility and describe and explain any changes from the utility's previous CEIP, if any;

(c) Report the forecasted distribution of energy and nonenergy costs and benefits for the utility's portfolio of specific actions, including impacts resulting from achievement of the specific targets established under subsection (3) of this section. The report must:

(i) Include one or more indicators applicable to the utility's service area and associated with energy benefits, nonenergy benefits, reduction of burdens, public health, environment, reduction in cost, energy security, or resiliency developed through a public process as part of the utility's long-term planning, for the provisions in RCW 19.405.040(8);

(ii) Identify the expected effect of specific actions on highly impacted communities and vulnerable populations and the general location, if applicable, timing, and estimated cost of each specific action. If applicable, identify whether any resource will be located in highly impacted communities or will be governed by, serve, or otherwise benefit highly impacted communities or vulnerable populations in part or in whole; and

(iii) Describe how the specific actions in the CEIP are consistent with, and informed by, the utility's longer-term strategies based on the analysis in RCW 19.280.030 (1)(k) and clean energy action plan

in RCW 19.280.030 (1)(l) from its most recent integrated resource plan, if applicable.

(d) Describe how the utility intends to reduce risks to highly impacted communities and vulnerable populations associated with the transition to clean energy.

(5) **Use of alternative compliance options.** The CEIP must identify any planned use during the period of alternative compliance options, as provided for in RCW 19.405.040 (1)(b).

(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 consistent with the 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) The CEIP must identify the resource adequacy standard and measurement metrics adopted by the utility under WAC 194-40-210 and used in establishing the targets in its CEIP.

(9) If the utility intends to comply using the two percent incremental cost approach specified in WAC 194-40-230, the CEIP must include the information required in WAC 194-40-230(3) and, if applicable, the demonstration required in WAC 194-40-350(2).

(10) Any utility that is not subject to RCW 19.280.030(1) may meet the requirements of this section through a simplified reporting form provided by commerce.

NEW SECTION

WAC 194-40-210 Resource adequacy standard. (1) Each utility that is required to prepare an integrated resource plan under RCW 19.280.030(1) must establish by January 1, 2022, a standard for resource adequacy to be used in resource planning, including assessing the need for and contributions of generating resources, storage 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, such as peak load standards and loss of load probability or loss of load expectation;

(b) Methods of measurement, such as probabilistic assessments of resource adequacy; and

(c) Measures of resource contribution to resource adequacy, such as effective load carrying capability applicable to all resources available to the utility including, but not limited to, renewable, storage, hybrid, and demand response resources.

(2) Each utility not subject to subsection (1) of this section must identify by January 1, 2022, the resource adequacy standard relied on by the utility in preparing its resource plan and CEIP.

(3) In each CEIP submitted after 2022, each utility must identify and explain any changes to its resource adequacy standard.

NEW SECTION

WAC 194-40-220 Public input for planning. (1) Each utility must provide reasonable opportunities for its customers and interested stakeholders to provide input to the utility during the development of, and prior to the adoption of, plans identifying actions to comply with RCW 19.405.040(8) and other requirements of RCW 19.405.040 and 19.405.050. A utility may use a single coordinated public input process in the development of its clean energy implementation plan, its integrated resource plan or resource plan, as applicable, and its clean energy action plan or 10-year action plan, as applicable.

(2) In assessing whether a public input opportunity is reasonable, the utility must consider barriers to public participation due to language, cultural, economic, technological, or other factors consistent with community needs.

NEW SECTION

WAC 194-40-230 Compliance using two percent incremental cost of compliance. (1) For any period in which a utility relies on RCW 19.405.060 (4)(a) to meet an interim target during an interim performance period or as the basis for compliance with the standard under RCW 19.405.040(1) or 19.405.050(1), the utility must:

(a) Document, as provided in this section, incremental costs that are directly attributable to actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050; and

(b) Demonstrate that the average annual incremental costs identified under (a) of this subsection are at least equal to an annual threshold amount that would result from a two percent revenue increase at the beginning of each year of the period, divided by the number of years in the period. For a period consisting of four years, the mathematical formula for the annual threshold amount is:

$$\textit{Annual Threshold Amount} = \frac{(RR_0 \times 2\% \times 4) + (RR_1 \times 2\% \times 3) + (RR_2 \times 2\% \times 2) + (RR_3 \times 2\%)}{4}$$

Where *RR* indicates retail revenue requirement and the numerical subscript indicates the year of the period.

Example calculation of annual threshold amount:

Year	Retail Revenue Requirement	Annual Amount from Revenue Increase Equal to 2% of Prior Year Revenue Requirement	Number of Years in Effect	Threshold Amount over Four Years	Sum of Threshold Amounts	Annual Threshold Amount
0	$100					
1	$105	$2.00	4	$8.00	$21.00	$5.30
2	$110	$2.10	3	$6.30		
3	$115	$2.20	2	$4.40		
4	$120	$2.30	1	$2.30		
Annual Threshold Amount as a Percentage of Average Retail Revenue Requirement						4.7%

(2) For the purposes of compliance using RCW 19.405.060 (4)(a), a cost is directly attributable to actions necessary to comply with the

requirements of RCW 19.405.040 and 19.405.050 only if all of the following conditions are met:

(a) The cost is incurred during the period;

(b) The cost is part of the lowest reasonable cost and reasonably available portfolio of resources that results in compliance with RCW 19.405.040 and 19.405.050;

(c) The cost is additional to the costs that would be incurred for the lowest reasonable cost and reasonably available resource portfolio that would have been selected in the absence of RCW 19.405.040 and 19.405.050; and

(d) The cost is not required to meet any statutory, regulatory, or contractual requirement or any provision of chapter 19.405 RCW other than sections RCW 19.405.040 or 19.405.050.

(3) A utility using the compliance method in this rule must include in its CEIP for the period the following information:

(a) Identification of all costs that it intends to incur during the period in order to comply with the requirements of RCW 19.405.040 and 19.405.050;

(b) Demonstration that the costs identified in (a) of this subsection are directly attributable to actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050; and

(c) Documentation of the expected cost of the utility's planned resource portfolio and the expected cost of the alternative lowest reasonable cost and reasonably available portfolio.

(4) The utility must include in the compliance report required by WAC 194-40-040 the following:

(a) Documentation by year of the actual and lowest reasonable costs incurred during the period for the costs identified in subsection (1)(a) of this section.

(b) Documentation by year of the costs that the utility would have incurred to acquire the alternative lowest reasonable cost and reasonably available portfolio of investments.

(c) A calculation of the average annual incremental costs by summing the differences between costs reported in (a) of this subsection and costs reported in (b) of this subsection and dividing by the number of years in the period.

(d) A comparison demonstrating that average annual incremental costs for the period, calculated as specified in (c) of this subsection, equal or exceed the annual threshold amount calculated as specified in subsection (1)(b) of this section.

(5) If a resource included in an actual or alternative portfolio has a useful life or contract duration of greater than one year, the cost of that resource must be allocated over the expected useful life or contract duration using a levelized cost or fixed charge factor.

(6) The CEIP must substantiate the information required in subsection (3) of this section using a comprehensive assessment of alternative resource portfolios, such as an integrated resource plan prepared in compliance with chapter 19.280 RCW.

(7) A utility must include in all cost calculations under this rule the effects on resource selection and acquisition of the social cost of greenhouse gas emissions cost adder requirement under RCW 194.40.110. A utility may not include in the cost calculations any greenhouse gas emissions costs, fees, or taxes unless customers will pay those amounts through their electricity purchases.

(8) As used in this rule, "period" means the years covered by each CEIP developed in compliance with RCW 19.405.060(2).

NEW SECTION

WAC 194-40-300 Documentation concerning coal-fired resources. (1) Each utility must publish by June 1, 2027, and each year thereafter, an attestation by a properly authorized representative of the utility certifying that the utility's allocation of electricity for Washington retail electric load in the prior calendar year did not include any electricity generated at a coal-fired resource. The utility must provide additional documentation as the auditor may require.

(2) A transaction to purchase of electricity, where the source is unknown at the time of purchase, for a term not to exceed thirty-one days, is not a coal-fired resource for the purposes of this rule.

(3) A utility must not engage in a series or combination of short-term transactions for unspecified electricity for the purpose of avoiding the restrictions on use of coal-fired resources under RCW 19.405.030(1).

NEW SECTION

WAC 194-40-310 Documentation of nonemitting electric generation. (1) Any utility using nonemitting electric generation to comply with a requirement under RCW 19.405.040 or 19.405.050 must demonstrate that it owns the nonpower attributes of that electricity and that it has committed to use the nonpower attributes exclusively for the stated compliance purpose.

(2) A utility may demonstrate ownership of nonpower attributes using contractual records or attestations of ownership and transfer by properly authorized representatives of the generating facility, all intermediate owners of the nonemitting electric generation, and a properly authorized representative of the utility.

(3) A utility may demonstrate ownership of the nonpower attributes of the nuclear portion of BPA's electricity product by relying on a representation of a properly authorized representative of BPA stating the nonemitting percentage of its electricity product and verifying that BPA did not separate the nonpower attributes associated with the nuclear generation.

NEW SECTION

WAC 194-40-330 Methodologies for energy efficiency and demand response resources. (1) **Energy efficiency resources.**

(a) **Assessment of potential:**

(i) Any utility that is a qualifying utility under chapter 19.285 RCW must assess the amount of energy efficiency and conservation that is available using the conservation methodology established in RCW 19.285.040(1) and the rules implementing that subsection. The analysis must include the social cost of greenhouse gas emissions as specified in WAC 194-40-110.

(ii) Any utility that is not a qualifying utility under chapter 19.285 RCW must establish the amount of energy efficiency and conservation that is available using either of the following methods:

(A) Use the conservation methodology established in RCW 19.285.040(1) and the rules implementing that subsection; or

(B) Establish the reasonable utility-level proportion of a conservation potential assessment prepared at a regional or multi-utility level using a methodology that:

(I) Evaluates resource alternatives on a total resource cost basis, in which all costs and all benefits of conservation measures are included regardless of who pays the costs or receives the benefits; and

(II) Includes the social cost of greenhouse gas emissions as specified in WAC 194-40-110.

(b) **Target.** The energy efficiency target for any interim performance period or GHG neutral compliance period must equal or exceed the target that would be calculated using the pro rata share approach specified in RCW 19.285.040 (1)(b) and must be sufficient to ensure that the utility meets its obligation under RCW 19.405.040(6) to pursue all cost-effective, reliable, and feasible conservation and energy efficiency resources.

(c) **Measurement and verification.** All energy efficiency and conservation resources used to meet an energy efficiency target must be measured and verified using the measurement and verification requirements of WAC 194-37-080 (3) and (4).

(2) **Demand response resources:**

(a) **Assessment of potential.** Each utility must assess the amount of demand response resource that is cost-effective, reliable, and feasible.

(b) **Target.** The demand response target for any compliance period must be sufficient to meet the utility's obligation under RCW 19.405.040(6) and must be consistent with the utility's integrated resource plan or resource plan and any distributed energy resource plan adopted under RCW 19.280.100.

(c) **Measurement and verification.** Each utility must maintain and apply measurement and verification protocols to determine the amount of capacity resulting from demand response resources and to verify the acquisition or installation of the demand response resources being recorded or claimed. The utility must document the methodologies, assumptions, and factual inputs used in its measurement and verification of demand response resources.

NEW SECTION

WAC 194-40-340 Acquisition of new resources other than renewable resources and energy storage. A utility that acquires a new fossil fuel generating resource or new nonemitting electric generation must document through its integrated resource plan and any other analysis relied on in making its decision that the resource acquisition is consistent with meeting the utility's targets under RCW 19.405.040 or the standard in RCW 19.405.050 at the lowest reasonable cost, considering risk. For the purposes of this chapter, a resource that commenced operation on or before May 7, 2019, is not a new resource.

NEW SECTION

WAC 194-40-350 Use of alternative compliance options by utilities using two percent incremental cost threshold. (1) Except as provided in subsection (2) of this section, a utility may not use any alternative compliance option under RCW 19.405.040 (1)(b) in any GHG neutral compliance period if it relies on RCW 19.405.060 (4)(a) as the basis for compliance with the standard under RCW 19.405.040(1) or 19.405.050(1).

(2) A utility relying on RCW 19.405.060 (4)(a) may use an alternative compliance option if:

(a) The utility demonstrates that no renewable resources or nonemitting electric generation was reasonably available; or

(b) The utility uses renewable resources and nonemitting electric generation in an amount equal to at least eighty percent of its annual retail electric load during the period.

NEW SECTION

WAC 194-40-360 Temporary exemption, demonstration of plan to achieve full compliance. (1) A utility must notify commerce at least thirty days prior to consideration of action by the governing body to authorize a temporary exemption under RCW 19.405.090 (5)(a). The notice must provide all information that the governing body will rely on in making a decision whether to authorize a temporary exemption.

(2) If the governing body of a utility authorizes a temporary exemption under RCW 19.405.090 (5)(a), the governing body must notify commerce within thirty days of the action. The governing body's notice must include a plan to take specific actions to achieve full compliance with RCW 19.405.040(1).

NEW SECTION

WAC 194-40-400 Documentation and retirement of renewable energy credits. (1) The Western Renewable Energy Generation Information System is the renewable energy credit tracking system for purposes of verification of RECs under chapter 19.405 RCW.

(2)(a) Except as provided in (b) of this subsection, each utility must verify and document by the retirement of RECs all electricity from renewable resources used to meet a target in an interim performance period or to comply with the requirements of RCW 19.405.040 or 19.405.050.

(b) A utility is not required to comply with (a) of this subsection for electricity from renewable resources used to meet a target in an interim performance period if:

(i) The energy source for the generating facility is water;

(ii) The generating facility is not registered in WREGIS or the WREGIS account holder for the generating facility verifies that no RECs have been created for the electricity used to meet CETA requirements; and

(iii) The utility owned the generating facility or purchased the electricity directly from the owner of the facility or, in the case of federal generating facilities, from BPA.

(3) Each utility using a REC under this chapter must document the following:

(a) The REC represents the output of a renewable resource;

(b) The vintage of the REC is a year within the applicable performance period or compliance period; and

(c) The utility has retired the REC to a retirement subaccount of the utility within WREGIS using the following values in the certificate transfer:

(i) Retirement type: Used by the account holder for a state-regulated renewable portfolio standard/provincial utility portfolio standard;

(ii) State/province: Washington; and

(iii) Compliance year: Within the applicable performance period or compliance period.

(4) A utility may use any REC retired to comply with RCW 19.285.040 for the purposes identified in subsection (2) of this section if the compliance year indicated in the retirement documentation of the REC is within the compliance period of the standard or target identified in subsection (2) of this section.

NEW SECTION

WAC 194-40-430 Thermal RECs—Applicability. (1) A thermal renewable energy credit may be used as an unbundled REC under RCW 19.405.040 (1)(b) if it is created in association with the generation of qualifying thermal energy for a secondary purpose at a facility that generates electricity from biomass energy. For multiple-fuel facilities, only the portion of thermal energy generated from eligible biomass sources is eligible for the generation of a thermal REC.

(2) Thermal energy may not be used to create a thermal REC if the thermal energy:

(a) Is used to operate the generating facility or process the facility's fuel;

(b) Is returned to the biomass conversion device that initially created the eligible thermal resource;

(c) Bypasses the electricity generation device; or

(d) Is produced while the electricity generation equipment is out of service.

NEW SECTION

WAC 194-40-440 Thermal RECs—Measuring. (1) Qualifying thermal energy must be measured and tracked using the following methods:

(a) **Large facilities:** Facilities with the capacity to generate one or more thermal RECs per hour of operation must install a thermal energy measurement system to continually measure qualifying thermal energy. The thermal energy delivered to the secondary purpose must be

metered. All parameters needed to determine thermal energy delivered to the secondary purpose must be directly measured.

(b) **Small facilities:** Facilities with the capacity to generate less than one thermal REC per hour of operation must install a thermal energy measurement system to measure qualifying thermal energy delivered to the secondary purpose. Calculation parameters, such as heat capacity, and directly measured parameters, such as temperature and pressure, that do not vary more than two percent for the full range of expected operating conditions may be evaluated on an annual basis and used in the calculation methodology as a constant. These parameters may be based on such sources as manufacturers' published ratings or one-time measurements, but must be clearly defined and explained in the thermal energy measurement plan required under subsection (2) of this section. All other parameters used to determine the amount of qualifying thermal energy must be continually measured. The generating facility must assess the significance of any potential error that the methodology parameters have on the total annual quantity of qualifying thermal energy and include this analysis in the thermal energy measurement plan. The generating facility must also submit to the department for approval in the thermal energy measurement plan an appropriate discount factor to be applied to the qualifying thermal energy calculation methodology, and the department may revise this discount factor to account for variance due to parameters that are not continually measured.

(c) Any thermal energy measurement system used to comply with this rule must capture sufficient data, and make necessary calculations or provide all necessary data for calculations to be made using standard engineering calculation procedures, to determine the net thermal energy used by the secondary purpose over an interval specified in the thermal energy measurement plan.

(d) The components of a thermal energy measurement system must be installed in accordance with the manufacturer's specifications.

(2) The operator of a thermal energy generating facility must submit to the department for its approval a thermal energy measurement plan that:

(a) Describes the thermal energy generating equipment, secondary purposes, data measurements to be collected, all associated measurement devices, data formats and storage, data gathering techniques, measurement system calibration, calculation methodology, discount factors, and other relevant equipment and activities that will be used to determine the quantity of qualifying thermal energy.

(b) Includes documentation, including drawings, specifications, piping and instrumentation diagrams, and other information, sufficient to verify the compliance of the system with the requirements of this rule.

(c) Is prepared by or under the supervision of a licensed professional engineer, as indicated by the engineer's stamp.

(3) The operator of a thermal energy generating facility must submit an updated thermal energy measurement plan and documentation for review and approval to the department upon the following:

(a) Installation, removal or changes in the configuration of the thermal energy measurement system and its components;

(b) Installation of new thermal energy generation equipment or changes in thermal energy generation capacity;

(c) Installation or removal of secondary purpose equipment, changes to secondary purpose use, or changes in the secondary purpose maximum thermal energy demand; or

(d) Indications the thermal energy measurement system is not performing in accordance with the thermal energy measurement plan.

NEW SECTION

WAC 194-40-450 Thermal RECs—Tracking. (1) Where continual measurements are required to determine the quantity of qualifying thermal energy, the operator of the thermal energy generating facility must take data readings at least once per hour, or more frequently as necessary to capture irregular or frequently varying parameters. For all facilities, the qualifying thermal energy produced must be totaled for each twenty-four-hour period, each month, and each quarter.

(2) The operator of the generating facility must retain measured data and related thermal energy calculations on-site for five calendar years and make records available for audit.

(3) Prior to measuring qualifying thermal energy for the purpose of generating thermal RECs, the operator of the generating facility must perform, or have performed, an initial calibration of the thermal energy measurement system and all associated measurement devices, or demonstrate that a calibration has been performed as specified by system component manufacturers or within the last three hundred sixty-five days of the application date for certification as compliant with these rules. All measurement devices shall be recalibrated annually or as specified by system component manufacturers to maintain specified accuracy. Calibrations must be performed using the calibration procedures specified by the meter manufacturer, calibration methods published by a consensus-based standards organization, or other industry accepted practice.

(4) Individuals designing, installing, operating, and maintaining the thermal energy measurement system must have appropriate training and certification. The generating facility must maintain documentation of maintenance and calibration activities.

NEW SECTION

WAC 194-40-460 Thermal RECs—Reporting. All thermal RECs are subject to the requirements of WAC 194-40-400.

Clean Energy Transformation Act Rulemaking

Summary of Comments and Responses for 2nd Discussion Draft

October 21, 2020

030 – Definitions		
Stakeholder	**Comment**	**Response**
Washington Public Utility Districts Association, Big Bend, Cowlitz, Grant, WRECA, PGP (Cowlitz, Grant)	Insert "proposed" to modify targets and delete "established." This change is to make the WAC consistent with the RCW which specifies that utilities are to propose interim targets for compliance with RCW 19.405.040/050 and to propose specific targets for energy efficiency, demand response and renewables. RCW 19.405.060(2)(a)	Not accepted. The term "establish" accurately captures the result when a utility proposes and adopts a target.
Climate Solutions	"Indicator:" recommend expanding the definition. should include programs; an indicator should represent real-world conditions that can be addressed by how the utility invests in and manages its system	Accepted. With addition from Front and Centered.
NW Energy Coalition, Washington Environmental Council	Expand definition of indicator.	Not accepted. The suggested definition provides less clarity than proposed definition.
Front and Centered	The definition must support application of compliance actions to ensure that the equitability of distribution is comprehensively tracked, from baseline conditions, to inputs and outputs, to real outcomes for the target communities and customers.	Accepted. With addition from Climate Solutions.
PSE	Delete "indicator" definition, conflicting and unnecessary.	Not accepted. Added more specificity.
NWEC, WEC	Adopt single "100% Clean Electricity Standard" terminology like UTC.	Not accepted. The statute establishes separate standards, and it is more straightforward to retain separate labels for each standard. The title of the section regarding the compliance reporting on the standards has been adjusted to provide clarity. See WAC 194-40-040.
NWEC	WUTC rules use "implementation period" to refer to all 4-year CEIP periods between now and 2045. We encourage Commerce to adopt the same terminology.	Not accepted. Interim performance period clearly demarcates the period before the 2030 compliance periods begin.

NWEC	Use and define the term "retail electric sales", as opposed to "retail electric load".	Not accepted. The GHG Neutral Standard is based on retail electric load.
WEC	Expand definition of equitable distribution.	Not accepted. Commerce does not have a definition for equitable distribution. Requirements for equitable definition defined through rule in -200.

040 – Performance and compliance reporting for the GHG neutral standard and 100% clean electricity standard		
WPUDA, WRECA	(1) and (2): Add language for utilities that will require data from BPA to complete the compliance report. BPA also cites this issue but does not offer a language change.	Not accepted. Commerce will use July 1. This date lines up with the UTC. Commerce is open to future discussion about this topic.
NWEC	Delete "interim performance" from (1) and delete (2) to line up with UTC's "clean energy compliance report", more accurate term because the utilities do have compliance obligations under CETA prior to 2030.	Not accepted. "Interim" refers to a time period and not a reporting obligation. "Clean energy compliance report" does not line up with Commerce framework.
WPUDA	(4): delete "compliance during" because there are no pre-2030 compliance requirements	Language has been clarified to address this concern.
WPUDA, Mason 3, Grant, PGP	Delete 4(d), duplicative of (a). Sections 4(d) and 4(e) appear to include information reported in subsection 4(a).	Subsections (d) and (e) are revised to clarify that they do not duplicate (a).
WPUDA, Mason 3, WRECA	Delete 4(e) and add "generating" to 4(f): clarify that this requirement does not apply to power contracts.	Subsections (d) and (e) are revised to clarify that they do not duplicate (a).
SnoPUD PUD	4(f) suggests rules that clarify utilities must identify any *long-term portfolio resource acquisitions* rather than *any* resource acquisitions. Suggests that Commerce direct the Carbon and Markets workgroup to help define an appropriate metric by which to measure this reporting requirement.	Not accepted. This provision implements requirements in 19.405.040(6) and is connected to rules in WAC 194-40-340, which are not limited to long term portfolio resources.
PGP, Cowlitz, Grant, PGP	Delete subsection (4)(i) appears to be redundant with the provision in (4)(h) to provide evidence by to demonstrate that all customers are benefitting from the transition to clean energy.	Accepted. Combined 4(h) and 4(i).

	Grant: support the approach in section 4(h) (with the modification requested above) and, therefore, request that it be modified to include the necessary information in section 4(i) and section 4(i) be deleted.	
WPUDA	Delete 4(i): The requirement is already in the CEIP. No public purpose to repeating the same information here.	Not accepted. These are different requirements. The CEIP looks at the forecasted distribution of benefits and burdens while the performance and compliance report analyzes that forecast based on actual data.
WPUDA, WRECA	(h) Change "demonstrate" to "evaluate whether": The language of the WAC presupposes, without foundation, that all customers will benefit from the transition to clean energy. This change will allow utilities to evaluate whether this presupposition is true. And it avoids asking utilities to misrepresent any supposed benefits if analysis indicates that those presumed in subsections (i), (ii), & (III) are absent. WRECA: (4)(h) must be changed to require that the electric cooperatives governing boards report the results of evaluations of customer benefits instead of requiring that it be demonstrated that all customers benefited since it is entirely likely that the implementation of some CETA requirements will not benefit all customers.	Accepted in part. Lined up with UTC language.
SnoPUD PUD	Clarify that the analysis described in subsection (i) is on a forecasted basis	Accepted. Changed from "will reasonably" to "expected to".
WPUDA, Grant, Mason 3	Changes to 4(k): CETA does not direct a utility to take an action simply because a target was not achieved in a previous compliance period. PGP, Grant suggests adding a new section to the CEIP for an explanation about why the interim targets weren't met in the previous period if applicable	Not accepted. The phrase "any intended actions" does not impose a requirement to take action. It requires a report of whatever actions the utility intends to take.
Renewable Northwest	Appreciate (4)(k) but maintain that achievement of interim targets pre-2030 is mandated by the	Commerce's understanding of the statute is that specific and interim targets are not binding

	construction of the incremental cost of compliance provision	during the pre-2030 interim compliance periods.
WPUDA, WRECA	Additions to 4(l): Utility Boards determine what information is helpful for their utilities to demonstrate compliance.	Not accepted. This subsection does not require the provision of any specific information and instead is an opportunity for the utility to provide additional information. That appears to be consistent with the intent of the suggested language, but the suggested language does not actually require anything.
Climate Solutions	Include additional progress report midway through a four-year CEIP or compliance period to show progress in achieving goals in interim target.	Not accepted. Interim reports could be considered at a later time, after there is a better understanding of the level of engagement between utilities and stakeholders in CETA implementation.
Climate Solutions	Either adjust the title and contents of the other subsections, or create a separate section focused on requirements associated with post-2045 compliance. i.e. "100% Clean Energy Standard compliance" Reporting requirements should include call out for those relevant to post-2045 compliance	Section title revised. Also see above comment in Definitions.
Grant, PGP	Base the progress report concerning equitable transition on evidence considered by the elected board	Not accepted. Nothing precludes a utility from including evidence considered by the governing boards in support of 4(h), but that need not be the only evidence considered.
PSE	Line up with UTC, especially on methodology for identifying and measuring progress towards targets Support single, streamlined report for EIA and CETA.	Commerce and UTC have worked closely as suggested. We continue to welcome suggestions on potential changes to EIA rules. However, the two statutes have separate requirements and compliance intervals.
WEC	Recommend that these compliance reports not only describe each indicator, but also report on its values over time, and how those values relate to specific	These suggestions appear to be part of potential reporting in current language.

	actions undertaken by the utility. Commerce should also require utilities to develop publicly-available annual or biennial progress reports on their CEIPs.	

050 – Submission of clean energy implementation plan		
Stakeholder	**Comment**	**Response**
WPUDA	(1) change "submit" to "transmit": Same language as in the RCW requiring utilities to prepare IRPs	Not accepted. This section refers to CEIPs and the term "transmit" is not clear. Commerce is using language from statute.
NWEC	Change CEIP adoption to October 1, 2022 to align all utility reporting with UTC.	Not accepted. Commerce is adopting the date in statute.
NWEC	Require annual clean energy progress reports like UTC.	Not accepted.
Renewable Northwest	Want to further engage in discussion of biennial check ins.	Not accepted. Commerce is not adopting biennial targets at this time.
The Energy Project	Supports biennial CEIP update, including a status update on the progress toward meeting equitable distribution goals in the plan The UTC has included annual progress reports and a "biennial CEIP update" in its proposed rule, as well as a "clean energy compliance report," all of which TACOMA POWER supports. at least one of the interim CEIP reports specifically include a report on progress toward equitable distribution goals. "The current draft rules do not expressly provide for a report on progress on equitable distribution requirements until July 1, 2026. […], a period of four years will elapse without any formal opportunity for stakeholders to have an informational "window" to view progress on equity issues under the plan. Without a requirement for the utilities to establish advisory groups, there is no ongoing opportunity for stakeholders to remain informed about CEIP progress."	No change made based on comment. Robust public participation should allow for draft proposals to be public ahead of first official compliance report. Utility boards have monthly meetings with opportunity for public comment.
WPUDA	(2) delete, duplicative of -200(4)	Deleted -200(6) as it is repetitive with this provision. -200(4) is a separate provision for reporting work in the CEIP.

PGP, Cowlitz	Delete (2). If Commerce retains this a section (2) related to public input, we recommend the inclusion of language that aligns with the statutory direction in RCW 19.280.050 regarding public engagement in planning especially using a public process.	Not accepted. Existing public processes such as those required under RCW 19.280.050 may be used to comply as suggested in this comment.
SnoPUD	SnoPUD supports including a summary of the public process associated with the CEIP and suggests utilities describe their consideration of public comments	Thank you for your comment.

194-40-060 – Reporting fuel mix and greenhouse gas emission		
Climate Resource Solutions	Add reference to RCW 19.29A.150 to subsection 1	The reference to RCW 19.29A.140 is sufficient.
NWEC	Clarifying inclusion of unspecified sources is helpful here.	Thank you for your comment.
Renewable Northwest	Supports.	Thank you for your comment.
WPUDA	Remove reference in 2(a) to all generating sources, including those outside WA.	This reference to all generating resources, while duplicative of RCW 19.29A.140, provides useful clarity.

194-40-110 – Methodologies to incorporate social cost of greenhouse gas emissions		
Earth Justice (Legal analysis)	PGP is wrong: Statute says smalls must include SCGHG whenever they select resource options or conservation targets.	Agreed. The most reasonable interpretation of RCW 19.280.030(3) is that it applies to all electric utilities, since the applications itemized there are not limited to integrated resource plans.
Climate Solutions	Do not treat small utilities differently. Support the upstream emission req. Have reservations about the flexible approach to SCGHG.	The proposed rule applies to all consumer-owned utilities. See Earth Justice comment above. The upstream emissions provision in (1)(b) is deleted. Doing so will improve consistency with the GHG emissions rules of Dept of Ecology and the UTC.
Cowlitz	Remove upstream req. 1(b)	The upstream emissions provision in (1)(b) is deleted. Doing so will improve consistency with the GHG emissions rules of Dept of Ecology and the UTC.

Mason PUD 3	Appreciate that the draft rule does not apply to non-IRP utilities.	The proposed rule applies to all consumer-owned utilities, including those that do not prepare integrated resource plans. See Earth Justice comment above.
NW Energy Coalition	NW Energy Coalition opposes the adoption of PGP's SCGHG proposal, which is based on an "erroneous and incomplete" reading of statute. (2)(a-d) should be used in combination;(2)(a-d) are not mutually exclusive. A utility modeling expert says the rules are unclear and difficult to interpret. Should require SCGHG be included in all unit operating costs and market purchases in modeling processes. SCGHG should only be applied to WA resources to establish region-wide pricing. However, for subsequent dispatch models used to determine needs, a cost adder should be applied to all fossil fuel resources. SCGHG should be applied to variable costs (not fixed costs). Incorporation of SCGHG as a fixed cost disadvantages demand side resources. Treating it as a fixed cost may also raise costs of certain thermal resources. Portfolio costs will not allow optimal selection of demand-side resources and will lead to little variation in supply-side resources.	The proposed rule retains a flexible approach. Commerce is open to review of this issue after seeing how the rule is applied in practice.
PSE	Language in (1)(b) goes beyond statute. Clarify (1)(c) to ensure customers pay the actual price of carbon under a carbon price scenario.	The upstream emissions provision in (1)(b) is deleted. Using an actual carbon price that is less than amounts specified in WAC 194-40-100 would not be consistent with RCW 19.280.030(3). The most reasonable approach is to require that the sum of the actual carbon price and the carbon cost adder equal the statutorily required amount.
Renewable Northwest	Apply to all utilities. Establish a uniform analytical method. Renewable Northwest proposes "SCGHG adder must be applied post-economic dispatch with optimization models virtually dispatching the cheapest marginal cost unit adjusted for SCGHG at the time of the resource need."	The proposed rule applies to all electric utilities.
SnoPUD	Eliminate references to upstream emissions reporting related to SCGHG.	The upstream emissions provision in (1)(b) is deleted.
WPUDA	Delete 1(b). Add prepositional phrase to (2)(c) to clarify utilities will not have an obligation to help clean up utilities with higher carbon portfolios, primarily located outside Washington.	The upstream emissions provision in (1)(b) is deleted. The proposed limitation of the SCGHG cost adder requirement is inconsistent

		with the statute, which requires a societal analysis rather than a utility-specific analysis.
WRECA	(1)(b) was not part of stakeholder discussion and should be removed until a thorough stakeholder discussion.	The upstream emissions provision in (1)(b) is deleted.

200 – Clean energy implementation plan		
Stakeholder	**Comment**	**Response**
WPUDA, PGP, Mason 3, Grant	This new language emphasizes that the CEIP is a planning document not a compliance document. PGP: recognition that the plan is not a binding pathway would potentially allow utilities to consider more out-of-the-box ideas. Also see legal comments from June 15.	Not accepted. Definition of CEIP is provided in statute. Further language not necessary. RCW 19.405.060 does not provide that every target or action in the CEIP must be achieved by the utility. A utility is required to develop a plan and comply with CETA. However, failure to meet the planning goals in CEIP does not excuse a utility from its obligation to comply with CETA and the rules implementing CETA.
WPUDA, Mason 3	**Specific actions**. Change "to be taken" to "intends to take": This language clarifies that identified actions are intended but plans can and should evolve with changing circumstances. For example the addition or loss of a significant retail load.	Accepted with modification. Inserted "will take".
WPUDA, Cowlitz	**Interim targets**. Interim targets are not binding under the RCW whether or not a utility is already "meeting the relevant standard."	Not accepted. This is an incomplete reading of the statute. Statue says COU boards adopt the CEIP. The combination of proposing and adopting results in a target being established.
WPUDA, PGP, SnoPUD	**Interim targets**.	Not accepted. Commerce is using the language from statute.

WPUDA, PGP, SnoPUD	**Interim targets**. Incorporate the standard of "lowest reasonable cost" a general mandate from RCW 19.405.040(6)(a)(i).	Not accepted. Additional language is unnecessary as "lowest reasonable cost" provision is already stated in RCW 19.405.040(6).
WPUDA, WRECA	**Specific targets.** Change "establish" to "propose" and add "expected" to targets: RCW 19.405.060(2)(a) clearly directs utilities to ***propose*** specific targets. PGP: add "expected" to 3(b) and 3(c)	Not accepted. See above comment on establishing targets.
WPUDA, WRECA, Mason 3	Delete itemized requirements concerning equitable transition in subsection (4). The alternative language is closer to the RCW, places the responsibility to ensure an equitable transition and better allows utilities to avoid "gift of public funds" constitutional issues. WRECA: Since the CEIP is a "plan", the utility should describe the actions that it *expects to take* to comply with RCW 19.405.040(8); delete 4(a)-(d) Grant: streamline the consistency finding for the equity criteria based the work under the IRP in RCW 19.280.030;	Revised language retains detail with some streamlining and clarification. CETA has stated that it is in the public interest that everyone should benefit from the transition to clean energy.
WPUDA, PGP, Grant	Delete (9): The RCW resource adequacy language is found in the utility planning mandate RCW 19.280.030(i) and the legislature distinctly did not include it in the RCW section establishing CETA.	Not accepted. Resource adequacy is a core element of CETA, and a CEIP will necessarily reflect a utility's application of its resource adequacy standard. Subsection (9) requires the identification of a standard that the utility will have already established.
Climate Solutions	The proposed rules direct utilities to provide interim targets only for the duration of the CEIP. We believe this is inconsistent with statute—RCW 19.405.040 requires "interim targets for meeting the standard…during the years prior to 2030 and between 2030 and 2045". Interim targets proposed by utilities should articulate the utility's intention for interim procurement of resources between CETA's defined standards showing how a utility intends to approach GHG neutrality, and maintain it throughout the GHG Neutral Standard period. Four-year targets should instead take the form of specific actions which, in addition to showing the compliance strategy for the GHG Neutral Standard, must "demonstrate progress towards meeting the standards under RCW…19.405.050(1)" in accordance with RCW 19.405.060(2)(a)(iv).	Not accepted. Specific targets and actions already included as part of the CEIP. The rules requires interim targets, specific targets and specific actions consistent with the statute.

	rules direct utilities to provide interim targets only for the duration of the CEIP. Inconsistent with statute. Four-year targets should take the form of specific actions that must "demonstrate progress towards meeting the standards under RCW…19.405.050(1)" in accordance with RCW 19.405.060(2)(a)(iv).	
Cowlitz, PGP	addition of a provision in (3) that allows utilities who are subject to the EIA to use the same conservation potential assessment prepared under RCW 19.285 in setting the CEIP's energy efficiency acquisition targets.	This provision is about specific actions in an interim performance or compliance period to meet a target. Nothing prevents these actions from being informed by an existing CPA. New language added for clarity based on SnoPUD comment.
Cowlitz	The PUD encourages the Department to organize additional workshops with the goal of developing clarity for the terms used in this section. Specifically, utilities need to understand how "equitable distribution of benefits" is determined and the role that "indicators" play in that determination.	Thank you for your comment.
Front and Centered	We propose that the CEIP rule **WAC 194-40-200 (4)**(d) read "Describe how the utility intends to ~~mitigate~~ reduce risks to highly impacted communities….	Accepted.
Front and Centered	Under **WAC 194-40-200 (4)(a)**, the required utilities report on the forecasted distribution of energy and non-energy benefits must "(i) include indicators, including at least one indicator each for energy and non energy impacts and conditions as well as at least one indicator for public participation in energy governance, developed through a public process and with reference to a evidence-based selection criteria as part of the utility's long-term planning, for the provisions in RCW 19.405.040(8)".	Accepted with modification. Added specifics based on UTC and not these exact terms.
Front and Centered.	approves of **WAC 194-40-200 (4)(a**)(i)'s central placement of public process in utility's required indicator development, and we suggest an addition as follows: "(i) include indicators, developed through a public process facilitated by an independent agency as part of the utility's long-term planning, for the provisions in RCW 19.405.040(8);".	Not accepted. The utility public process and utility governing boards will be responsible for developing and approving indicators, respectively.

Grant	There isn't a statutory basis prior to 2030 for progressively increasing interim targets as provided in WAC 194-40-200(2).	Not accepted. The requirement in the current provision is to make progress towards compliance with goals in 19.405.040(1) and -050(1), which does not necessarily require a progressively increasing target. We are using statutory language and it is explicit that meeting the target is sufficient.
Mason 3	Mason 3 would like further clarification on equity provisions and how it relates to those utilities that are not subject to RCW 19.280.030(1). It is Mason 3's interpretation that those utilities are not required to comply with the equity provisions as it is a specific requirement for those utilities that perform an Integrated Resource Plan (IRP).	Thank you for your comment.
NWEC	Adopt all UTC rules for CEIP	Not accepted. Different governance structures and roles.
NWEC	If not above, do the following: (3) specific targets, the SCGHG should be required in subsection (a) energy efficiency. (see memo)	EE target as specified in -330(1) updated to reflect this change and is referenced in this provision.
NWEC	Object to specific actions, recommend consolidating the language in subsection (4) of the Commerce draft rules into subsection (1). See attached redlines.	Language changed with modifications to address concerns from both NWEC and PGP.
NWEC	Unable to support addition of subsection 11	Thank you for your comment.
NWEC	In (5) reference 19.405.040 not 040(1)(b), which limits to alternative compliance actions.	Not accepted. This provision deals exclusively with alternative compliance actions.
PSE	Supports Commerce's progress-based approach versus UTC compliance based for interim target setting.	Thank you for your comment.
PGP, Tacoma Power	Revise language to remove elements included from IRP and not part of CEIP. (see also -040). For example, RCW 19.280.030 directs utilities to include resource adequacy requirements and metrics in their IRPs, but RCW 19.405.060 does not require utilities to include resource adequacy and metrics in their	Accepted with modifications.

	CEIPs. There are other areas that we point out in our comments below. SnoPUD: Clarify how the work performed in the IRP might inform the work required by the CEIP, and how the two requirements might be differentiated to avoid potentially duplicative efforts.	
PGP, Cowlitz, Tacoma Power	Eliminate section 4, related to equity. Or, if Commerce retains this CEIP element, modify section 4 to provide more clear direction to utilities.	Modified language. See NWEC comment above
PGP, Tacoma Power	Modify section 5 to recognize alternative compliance options would solely apply to a GHG neutral compliance period. Grant: 4) clarify that use of alternative compliance options is not required prior to 2030;	Not accepted. Utilities are not prohibited from using an alternative compliance option during an interim period.
Renewable Northwest	Establish in rule the leverage a utility's governing body has to impose conditions holding a utility to more stringent targets.	Not accepted. This provision is already in statute under RCW 19.405.060(2).
Renewable Northwest	(3)(c) should clarify that battery storage may fall under the renewable energy target only when charged with renewable resources	Not accepted. Accounting for storage resources in CETA needs further discussion.
SnoPUD	suggests adding an optional update to the CEIP for aligning specific energy efficiency targets with utility conservation potential assessment filings	Accepted with modifications.
The Energy Project	Supports changes to CEIP.	Thank you for your comment.
PGP	New (12)	Not accepted. Already in -040(4)(k) (k) For any measurement of achievement reported under (a) through (e) of this subsection that is less than the respective target established in the CEIP, an explanation of the variation from target and any intended actions to offset the variation in the next period.

WAC 194-40-210 – Resource adequacy standard [19.280.030]		
Chelan PUD	Strike. If not, use flexible language proposed by PGP.	Proposed rule reduces specificity of (1)(a)(b)(c).

Climate Solutions	Supports. Recommends small utilities be required to use equivalent methodologies or a regionally developed standard.	Most small utilities rely on BPA for resource adequacy. If the 2022 submissions raise concerns about resource adequacy, additional requirements will be considered.
Cowlitz	No authority. If kept, reduce specificity of (1)(a)(b)(c)	Resource adequacy is a core requirement of CETA, and Commerce is authorized to adopt rules to ensure effective implementation of CETA. Proposed rule reduces specificity of (1)(a)(b)(c).
Mason PUD 3	Appreciate the clarification of requirements for utilities that do not prepare IRPs.	Thank you for your comment.
NW Energy Coalition	Separate standard for non-IRP utilities is inconsistent with legislative intent. Apply one standard to all utilities in a consistent manner, and ensure demand-side resources are evaluated based on the contributions they make not just to energy but also reliability.	All utilities are required to establish resource adequacy standards. The more specific requirements are appropriate for utilities that prepare IRPs and take responsibility for their own resource development. The rule requires reasonable and nondiscriminatory standards for all resource types.
PNGC and NRU	PNGC and NRU recognize it doesn't apply to them, but also would like a more flexible approach.	Proposed rule reduces specificity of (1)(a)(b)(c).
PGP	No statutory support nor a need to promulgate these rules. If kept, reduce specificity of (1)(a)(b)(c).	Proposed rule reduces specificity of (1)(a)(b)(c).
Renewable Northwest	Supports inclusion of LOLP as an example of an appropriate metric and use of the term "probabilistic assessments of resource adequacy" as a methodological requirement. Add language to capture weather and hydro-flow sensitivities. Second, use multiple year analysis for intermittent resources. For new resources, such as storage, use a methodology like that used for California Public Utilities Commission or "Associated System Capacity Contribution" developed by Power Council. Maintaining broad language supporting probabilistic approaches to system-level and individual resource contributions to resource adequacy should allow Commerce the flexibility to align with the Northwest Power Pool's Resource Adequacy Program (RAP).	The suggested additions should be considered in the future, after stakeholders have the opportunity to observe the development of the NW Power Pool resource adequacy program.
SnoPUD	Remove specificity of 1(a)(b)(c).	Proposed rule reduces specificity of (1)(a)(b)(c).
Tacoma Power	Outside statutory authority. Does not align with established practices.	Resource adequacy is a core requirement of CETA, and

		Commerce is authorized to adopt rules to ensure effective implementation of CETA.
WPUDA	Insert into the first sentence: "… a standard for resource adequacy to be used in the 'next' resource planning…" Strike (1)(a)(b)(c). Insert: "resource utilities may update and change the adequacy standard and metric as appropriate for future integrated resource plans."	Addition of "next" is unnecessary. Rules do not have retroactive effect unless specifically stated. Provisions in (1)(a)(b)(c) provide necessary specificity. Proposed rule reduces specificity. Added language providing for updates.
WRECA	Strike (1)(a-c)	Provisions in (1)(a)(b)(c) provide necessary specificity. Proposed rule reduces specificity.

220 – Public input for planning		
Stakeholder	**Comment**	**Response**
Big Bend	As a cooperative, we are member focused by nature and some of the proposed rules interfere with our governing process.	Thank you for your comment.
WPUDA, PGP	This language is directly from the IRP planning statute and meets the spirit and letter of CETA. WRECA: If there is any language in this WAC provision referencing public participation in the CEIP development, it should simply be that the electric cooperative's governing board encourages the participation of its consumers and develops its plans after the appropriate public participation. Otherwise, 194-40-220 must be deleted.	Not accepted. The requirements of public participation are more than to encourage consumer involvement.
Climate Solutions, Front and Centered	Recommend incorporating into the utility's public participation process a plan to overcome barriers once they have been identified.	Not accepted. Utilities will need to identify barriers and describe their public process.
Climate Solutions	Rules should require utilities to create stakeholder advisory groups in order to participate in the utility planning process.	Not accepted. Commerce does not require a separate advisory group as existing public process may incorporate necessary CETA requirements.
Climate Solutions	Create a stateside equity advisory board	Not accepted. UTC requirements reflect different governance structure.
Cowlitz	Previously commented on June 15th letter. We recommend removing this section or revising to state	Not accepted.

	that the utility must encourage customer participation in the development of its CEIP and approve the CEIP in accordance with the provisions of RCW 19.405.060.	
Grant	Rules should meet the goals of CETA without exceeding statutory requirements or the bounds of Commerce's delegated legislative authority under RCW 19.405.100. …. the public engagement and reporting processes usurps the role of the elected board of commissioners to determine and then accommodate the level of public engagement appropriate for their communities.	No changes made.
NWEC	Rules inadequate. Add following: 1) The use of an existing, or creation of a new, diverse customer advisory committee to assist with CEIP development and the implementation of the equitable distribution of benefits and reduction of burden requirements in CETA. 2) A 60-day review period for advisory groups, customers and stakeholders to review and comment on the CEIP. 3) A public meeting where public comment will be heard by the governing board of each utility, and written comments will be reviewed and considered.	1) Not accepted. Commerce does not require a separate advisory group as existing public process may incorporate necessary CETA requirements 2) Not accepted. Utilities will be responsible for designing outreach process. 3) This provision is already required by CETA and is unnecessary.
SnoPUD	SnoPUD recommends upholding consideration of barriers to participation in a public process while eliminating references to specific examples.	Not accepted. Examples are not exhaustive and are meant to list areas Commerce sees as important for this work.
Tacoma Power	The rules at a minimum should reference the requirement of "public meeting" adoption so that a member of the public reading the Commerce rules will be made aware that the requirement is part of the process. Establishment of advisory groups would also be a significant enhancement of the public input framework.	Not accepted. UTC requirements reflect different governance structure.
WEC	add the requirement for utilities to involve the public in developing the public engagement process for CEIPs to align with UTC rules and ensure consistent implementation	Not accepted. Utilities may include the public in their procedural equity work. UTC requirements reflect different governance structure.

WEC	Require utilities to provide the support and resources necessary to stand up advisory groups and other public engagement opportunities in order to implement the law.	Not accepted. UTC requirements reflect different governance structure.

230 – Compliance using two percent incremental cost of compliance		
Stakeholder	**Comment**	**Response**
Climate Solutions	Apply to compliance in 2045 and later.	Accepted. Rule now applies to any period covered by a CEIP.
Renewable NW	Apply to compliance in 2045 and later.	Accepted. Rule now applies to any period covered by a CEIP.
Climate Solutions	Clarify 2(c) to provide for comparison of difference in cost between compliant and non-compliant portfolios.	Clarification not necessary. Section (2)(c) requires that a directly attributable cost be additional to the costs that would be incurred absent RCW sections 040 and 050.
Renewable NW	Clarify that cost comparison is for the entire portfolio and nor for individual resources.	Accepted. References to "resource acquisition" are deleted to clarify that the cost comparison is between entire portfolios.
Climate Solutions	No need to consider year-to-year change in incremental cost. Calculate directly attributable cost and compare to 2% compounding amount.	This concern is addressed in the revised approach in (1)(b). An average annual amount is calculated using the 2% factor, and this is the threshold for average incremental costs over the period.
Renewable NW	Support use of formula developed by Climate Solutions.	Revised approach in (1)(b) addresses Climate Solutions' concern.
Climate Solutions	Clarify that utility may use incremental cost of compliance mechanism only if it has demonstrated progress and begun investing in clean energy resources to comply with the interim targets or clean energy standards beginning with the interim performance period in 2022 and beyond.	Not accepted. It is unclear how this could be addressed in rule. No specific language was proposed.
PGP	Request another joint meeting with UTC. Discussion to include • Treatment of single large expenditures; • Allocation of investment costs; • Examples of directly attributable costs; • Further clarification of WAC 194-40-350 and perhaps the inclusion of an example in this section of rules; and	The rulemaking schedule does not permit an additional workshop on this topic.

	• A review of possible streamlining opportunities between the incremental cost mechanisms provided in the Energy Independence Act and CETA.	
WPUDA	Request that Commerce delay this portion of the WAC. There is significant uncertainty as to how best to implement this portion of the statute. It could greatly benefit from additional opportunities to discuss the appropriate approach to WAC 194-40-230 related to compliance using the 2% incremental cost of compliance, either through workshops or by establishing a technical workgroup.	Not accepted. RCW 19.405.060(5) requires that Commerce establish by rule the methodology for calculating the incremental cost of compliance under this section, as compared to the cost of an alternative lowest reasonable cost portfolio of investments that are reasonably available.
NW Energy Coalition	Recommend Commerce adopt UTC's draft rule on incremental cost cap. Do not delay for further discussion as proposed by some stakeholders.	Both UTC and Commerce have revised their rule language since the 2nd drafts were published.
Cowlitz PUD	Recommend delaying adoption of this rule for further discussion. No need to adopt it in 2020.	Not accepted. RCW 19.405.060(5) requires that Commerce establish by rule the methodology for calculating the incremental cost of compliance under this section, as compared to the cost of an alternative lowest reasonable cost portfolio of investments that are reasonably available.
Cowlitz PUD	Proposed approach is subject to manipulation by the timing of expenditures. Recommend adopting an approach that establishes a minimum threshold expenditure amount that represents a 2% annual incremental increase in directly attributable costs.	Agree. The approach reflected in the 2nd discussion draft would produce different amounts based on the timing of expenditures. The revised approach in the proposed rule addresses this concern.
Pacific NW Generating Cooperative and Northwest Requirements Utilities	Do not adopt this section at this time.	Not accepted. RCW 19.405.060(5) requires that Commerce establish by rule the methodology for calculating the incremental cost of compliance under this section, as compared to the cost of an alternative lowest reasonable cost portfolio of investments that are reasonably available.

300 – Coal-fired resources		
Stakeholder	**Comment**	**Response**
Climate Solutions	Support provision in (4) to address serial short-term purchases. Workshop "reasonably appear" if other parties have concerns.	Subsection (4) is revised to reduce ambiguity.
Renewable NW	Rule needs to address serial short-term purchases. Open to discussion of "reasonably appear" language in (4).	Subsection (4) is revised to reduce ambiguity.
PGP	Remove (4). Creates unclear requirements, limits use of wholesale markets. Let Markets Workgroup make recommendation on a rule to protect against skirting the one-month provision.	Subsection (4) is revised to reduce ambiguity. Commerce will consider future recommendations from the markets workgroup or other stakeholders.
PGP	Clarify how purchases from BPA are treated.	Not accepted. The statutory definition of coal-fired resource provides consistent treatment between purchases from BPA and purchases from other suppliers.
PGP	Allow utilities to comply using only the information they have available at the time of a purchase transaction.	Not accepted. This would be inconsistent with the statute, which limits the exception for unspecified source purchases to contracts of less than a month.
WPUDA	Replace "one month" with "31 days."	Accepted.
WPUDA	Add "commercial" data to "operational data" as a method of demonstrating that source was not coal.	The relevant subsection was deleted.
WPUDA	Delete (4) concerning serial transactions. Vague and unnecessary.	Subsection (4) is revised to reduce ambiguity.
WPUDA	State that any purchase from BPA is not a coal-fired resource.	Not accepted. The statute does not support a provision exempting power obtained from BPA from the no-coal standard.
Chelan PUD	Ask markets workgroup to examine issue of unspecified contracts in excess of one month. Subsection (4) could have unintended consequences and is unnecessary.	Commerce will consider future recommendations from the markets workgroup or other stakeholders. Subsection (4) is revised to reduce ambiguity.
NWEC	Retain subsection (4) with edits. Include e-tags as demonstration option.	Subsection (4) is revised to reduce ambiguity. The use of e-tags is not prohibited by this rule language.
Cowlitz PUD	This rule would disrupt utilities' ability to procure unspecified power for terms greater than 30 days. Recommend allowing these purchases if the best	The relevant subsection was deleted.

300 – Coal-fired resources		
Stakeholder	**Comment**	**Response**
	available operating or commercial data at the time of purchase does not show it was coal-fired.	
Cowlitz PUD	Delete (4) concerning serial transactions. Vague and unnecessary.	Subsection (4) is revised to reduce ambiguity.
Cowlitz PUD	Add provision declaring that BPA power is not coal-fired.	Not accepted. The statute does not support a provision exempting power obtained from BPA from the no-coal standard.
Cowlitz PUD	Substitute 31 days for one month.	Accepted.
Grant PUD	Do not adopt at this time. Subsection (4) is not auditable. Subsection (3) would prevent financial hedges that do not result in delivery of electricity.	Not accepted. A rule is needed to ensure effective implementation of the statute. Subsection (4) is revised to reduce ambiguity.
Mason PUD 3	Add provision declaring that BPA power is not coal-fired.	Not accepted. The statute does not support a provision exempting power obtained from BPA from the no-coal standard.
Pacific NW Generating Cooperative and Northwest Requirements Utilities	Change one month to 31 days. Add provision declaring that BPA power is not coal-fired. Delete subsection (4).	Accepted. Not accepted. The statutory definition of coal-fired resource does not support a provision exempting power obtained from BPA from the no-coal standard. Subsection (4) is revised to reduce ambiguity.
State Auditor's Office	Subsection (4) is not auditable due to lack of definition of the term "might reasonably appear."	Subsection (4) is revised to reduce ambiguity.
SnoPUD PUD	The language in subsection (4) is too broad, subjective, and vulnerable to expansive and broad interpretation. Suggest adopting a placeholder rule until the carbon and markets workgroup has explored solutions.	Subsection (4) is revised to reduce ambiguity. Commerce will consider future recommendations from the markets workgroup or other stakeholders.
Tacoma Power	Support further examination of market purchases by the markets workgroup. Postpone rulemaking on this topic until that group has completed its work and issued recommendations.	Commerce will consider future recommendations from the markets workgroup or other stakeholders.
Western Power Trading Forum	Sections (3) and (4) are based on a false assumption that utilities can control the generating source when procuring unspecified electricity. Modify the draft to require only that each utility attest that it did not intentionally procure power from a coal resource.	The rule does not assume that utilities control the generating source when procuring unspecified electricity. That would be inconsistent with the

300 – Coal-fired resources		
Stakeholder	**Comment**	**Response**
	Otherwise, defer this issue until the markets workgroup has considered it.	meaning of the term "unspecified." Commerce will consider future recommendations from the markets workgroup or other stakeholders.
WRECA	Change "one month" to "31 days." Add a provision declaring that power purchased from BPA is not an unknown source.	Accepted. Not accepted. The statute does not support a provision exempting power obtained from BPA from the no-coal standard.

194-40-310 – Documentation of nonemitting electric generation		
Stakeholder	**Comment**	**Response**
BPA	Strike the word 'standard' from the "BPA's standard electricity product" in section (3) since it may cause confusion about which BPA power sales qualify	Accepted.
NWEC	Support as written.	Thank you for your comment.
PSE	Allow utilities to rely on contracts demonstrating the chain of ownership.	Accepted.

330 – Methodologies for energy efficiency and demand response resources		
Stakeholder	**Comment**	**Response**
WPUDA, WRECA	Remove inconsistency with WAC 194-40-110 which clearly indicates that the SCC requirement does not extend to utilities that do not prepare full IRPs.	Not accepted. This requirement has been removed from -110.
WPUDA, WRECA	**EE Target**: clarify that non-RCW 19.285 utilities opting to utilize the WAC 194-40-330 method for assessment of potential, must take all of the requirements associated with that method, and translate it to an energy efficiency target that equals or exceeds the utility's pro rate share for any interim performance period or GHG neutral compliance period. This minor mix clarifies that non-RCW 19.285 utilities do not have to take the additional procedural sTacoma Powers required in RCW 19.285.040 (1)(b) and carries forward to target setting, the optionality that begins under Assessment of potential.	Not accepted. The current rules do not require non-EIA utilities to adhere to provisions in 19.250.040(1).
Climate Solutions	For utilities not covered by EIA, specify that the regional or multi-utility level conservation	Not accepted. Not required by statute, and it is unclear what

	assessment utilities rely on be consistent with the methodology specified under EIA.	benefit would result considering that the draft rule requires use of a TRC analysis.
Climate Solutions	Replace the "capacity" metric for demand response contribution with a requirement to report system value.	Not accepted. System value also has many different meanings depending on context. The purpose of the M&V requirement is to ensure consistency with targets, which are required to be established and reported in MW units.
NWEC	Reconsider previous request for language changes. Includes definition of system value.	Not accepted. See response to Climate Solutions.
State Auditor	1(a): Under CETA, utilities are required to establish 4-year energy conservation targets. This creates disparity between CETA (4-yr target) and the EIA (2-yr target) that could be resolved if the rule provided a qualifying utility the ability to amend its energy conservation target mid-term under CETA to align with the revised CPA and related biennial target adopted under the EIA.	Accepted.
State Auditor	1(a)(ii)(2) This rule needs to define the "total resource cost basis" to be applied. To be auditable, the rule should define, or reference a source for, the key elements that must be present in the methodology to be considered a correct application of a TRC test, similar to what is expressed in the EIA under WAC 194-37-070.	Accepted.
State Auditor	1(a)(c) The rule needs to include citation of WAC 194-37-080 (4) to ensure utilities apply a consistent method of assigning energy savings to a performance period, and to establish policy for consistent recognition of changes in the deemed savings values.	Accepted.
State Auditor	2(b) Because the demand response target is determined as part of the IRP or Resource Plan, and distributed energy resource plan requirements of RCW 19.280, the rule should be clear that the utility's obligation under RCW 19.405.040(6), to "pursue all cost-effective, reliable, and feasible demand response", is related to implementation of the Act as it relates to RCW 19.280.	Not accepted. The demand response requirement is in RCW 19.405.040(6).

State Auditor	2(c) To be auditable, the rule needs to define the measurement and verification protocols that must be present, or cite a reference to the specific protocols that must be applied. Similar to WAC 194-37-080 (4) the rule needs to address consistency of the method a utility uses to assign a demand response measure to a specific performance period. For example, the EIA (WAC 194-37-080 (4) (c)) provides examples of a reasonable and consistent method as when the measure was installed by the customer, date the incentive was paid to the customer, or date the utility reported the measure to an external funding agency such as BPA.	Not accepted. The rule requires that a utility maintain and apply protocols, and this requirement is capable of being reviewed.

400 – Documentation of RECs		
Stakeholder	**Comment**	**Response**
PGP	Remove requirement to retire RECs prior to 2030. Beyond statutory direction and intent. Utilities should be allowed to sell RECs to obtain revenue to invest in more clean energy.	Not accepted. RCW 19.405.100 authorizes rules to ensure proper implementation of CETA. Proper implementation requires that all claims concerning use of renewable energy be verified. This is best accomplished by retirement of RECs. If a utility claimed in its CETA compliance report or in communication to customers that it was using renewable energy when was actually selling the RECs to another party, that would result in double-counting and would be considered a deceptive practice.
WPUDA	Remove requirement to retire RECs prior to 2030. There is no compliance mandate pre-2030.	See response to PGP above.
Cowlitz PUD	Remove requirement to retire RECs prior to 2030. Beyond statutory direction and intent.	See response to PGP above.
Grant PUD	Requirement to retire RECs before 2030 is beyond Commerce's authority.	See response to PGP above.
PSE	The WREGIS tracking system for CETA-compliance RECs has not been established yet, and PSE is unaware of any specific plans to have this system established by the time the first CEIP implementation begins in 2022. Further, there may be little need for small utilities, especially direct customers of the	The WREGIS tracking system is capable of handling the creating and retirement of RECs for CETA purposes.

	Bonneville Power Administration, to track in WREGIS.	
NW Energy Coalition	Delete (2)(b). This provision does not comply with the statute.	The statute does not specify a method of verifying performance relative to an interim target under RCW 19.405.060.
Center for Resource Solutions	Non-REC provision in (2)(b) may not be necessary. There are benefits to having facilities registered in WREGIS before 2030.	The non-REC approach in (2)(b) is carefully limited and results in adequate verification of renewable claims concerning legacy hydro.
Pacific NW Generating Cooperative and Northwest Requirements Utilities	Delete provisions concerning retirement of RECs to demonstrate performance relative to an interim target.	See response to PGP above.
SnoPUD	Statute does not support the requirement to retire RECs to meet targets before 2030. SnoPUD PUD would market surplus carbon-free power at a price premium if it is not obligated to retire RECs ahead of 2030.	See response to PGP above.
WRECA	Delete reference to RECs retired to demonstrate performance compared to an interim target.	See response to PGP above.

Other issues		
Stakeholder	**Comment**	**Response**
WPUDA	Add a section to the rules clarifying that CETA and implementing rules do not change the authority of Commerce with respect to oversight, regulation, or enforcement over consumer-owned utilities.	Not accepted. Chapter 19.405 RCW establishes the responsibilities of Commerce, the auditor, and the Attorney General.

Chapter 194-40 WAC
CLEAN ENERGY TRANSFORMATION
Comparison of Proposed Rules to 2nd Discussion Draft

Note: This document highlights changes from the 2nd discussion draft published in August 2020 to the rules as proposed in October 2020. The comparison was produced using the Compare tool in Microsoft Word.

NEW SECTION

WAC 194-40-022 Severability. If any provision of this chapter or its application to any person or circumstance is held invalid, the remainder of the chapter or the application of the provision to other persons or circumstances is not affected.

[]

NEW SECTION

WAC 194-40-030 Definitions. Unless specifically provided otherwise, the terms defined in RCW 19.405.020 have the same meaning in this chapter.

"100% Clean electricity standard" means the standard established in RCW 19.405.050(1) and any requirements necessary for compliance with that standard.

"BPA" means the Bonneville Power Administration.

"CEIP" means a clean energy compliance plan prepared in compliance with RCW 19.405.060.

"GHG neutral compliance period" means each of the periods identified in RCW 19.405.040 (1)(a).

"GHG neutral standard" means the standard established in RCW 19.405.040(1) and any requirements necessary for compliance with that standard.

"Indicator" means an attribute, either quantitative or qualitative, of a condition, resource, program or related distribution investment that is tracked for the purpose of evaluating change over time.

"Interim performance period" means either of the following periods:

(a) From January 1, 2022, until December 31, 2025; and

(b) From January 1, 2026, until December 31, 2029.

"Interim target" means a target established in compliance with RCW 19.405.060 (2)(a)(i). An interim target may cover an interim performance period or a GHG neutral compliance period.

"REC" means renewable energy credit.

"Retail revenue requirement" means that portion of a utility's annual budget approved by its governing body that is intended to be

recovered through retail electricity sales in the state of Washington in the applicable year. It includes revenues from any retail rate or charge that is necessary to receive electric service from the utility and does not include the effect of taxes imposed directly on retail customers.

"Verification protocol" means a procedure or method used, consistent with industry standards, to establish with reasonable certainty that a conservation, energy efficiency, or demand response measure was installed and is in service. Industry standards include a range of appropriate protocols reflecting a balance of cost and accuracy, such as tracking installation of measures through incentive payments and the use of on-site inspection of measures installed as part of a customer-specific project.

"WREGIS" means the Western Renewable Energy Generation Information System.

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NEW SECTION

WAC 194-40-040 Performance and compliance reporting for the GHG neutral standard and 100% clean electricity standard. (1) Each

consumer-owned utility and each investor-owned utility must submit an interim performance report by July 1, 2026, and by July 1, 2030, documenting the utility's progress during the prior interim performance period in reaching compliance with the GHG neutral standard beginning in 2030.

(2) Each consumer-owned utility and each investor-owned utility must submit a compliance report by July 1, 2034, and within six months of the end of each subsequent GHG neutral compliance period, documenting the utility's compliance with the GHG neutral standard during the GHG neutral compliance period and its progress in reaching compliance with the 100% clean electricity standard beginning in 2045.

(3) Each consumer-owned utility and each investor-owned utility must submit a compliance report by July 1, 2046, and by July 1st of each year thereafter, documenting the utility's compliance with the 100% clean electricity standard.

(4) Each report required under subsections (1) and (2) of this section must be submitted using a form provided by ~~the department of~~ commerce ~~(commerce)~~ and must include the following information ~~about compliance during~~for the relevant interim performance period or GHG neutral compliance period:

(a) The amount of renewable resources and nonemitting electric generation used during the period, as a percentage of retail electric loads, compared to the target amount established and reported in the clean energy implementation plan (CEIP) of the utility for that period.

(b) The amount of conservation and energy efficiency resources acquired during the period, compared to the target amount established and reported in the CEIP of the utility for that period.

(c) The amount of demand response resources acquired during the period, compared to the target amount established and reported in the CEIP of the utility for that period.

(d) The amount of electricity used from renewable resources, ~~as a percentage of retail electric loads over the period~~in megawatt-hours, compared to the target amount established and reported in the CEIP of the utility for that period.

(e) The amount of electricity used from nonemitting resources, ~~as a percentage of the utility's retail electric loads~~in megawatt-hours over the period.

(f) Identification of any resources other than a renewable resource or energy storage acquired during the period and

demonstration that the acquisition was consistent with the requirements of WAC 194-40-340.

(g) A detailed report of any use of each of the following alternative compliance options:

(i) Alternative compliance payments;

(ii) Unbundled renewable energy credits;

(iii) Credits from energy transformation projects;

(iv) Electricity from the Spokane municipal solid waste to energy facility (if it is determined to provide a net reduction in GHG emissions).

(h) ~~Evidence relied on by the utility~~A report to demonstrate whether and how, consistent with RCW 19.405.040(8) and the utility's CEIP for the period, all customers are benefiting from the transition to clean energy~~ through~~. The report must provide:

(i) ~~The equitable distribution of energy and nonenergy benefits and reduction of burdens to vulnerable populations and highly impacted communities;~~

~~(ii) Long-term and short-term public health and environmental benefits and reduction of costs and risks; and~~

~~(iii) Energy security and resiliency.~~

~~(i) A description of~~Results for each indicator established in the CEIP~~ and an~~;

(ii) An explanation of how the specific actions taken by the utility are consistent with the requirements in RCW 19.405.040(8~~), including an analysis that the forecasted distribution of benefits and reductions of burdens accrued or will reasonably accrue to intended customers, including highly impacted communities and vulnerable populations.~~); and

~~(j~~(iii) An analysis of whether the forecasted distribution of benefits and reductions of burdens accrued or are reasonably expected to accrue to highly impacted communities, vulnerable populations, and all other customers.

(i) For each specific action identified in the CEIP for the period, pursuant to WAC 194-40-200~~—~~(1~~) and (4~~), a summary of the actions taken and their results.

(~~k~~j) For any measurement of achievement reported under (a) through (e) of this subsection that is less than the respective target established in the CEIP, an explanation of the variation from target and any intended actions to offset the variation in the next period.

(~~l~~k) Any other information necessary to demonstrate compliance with the requirements of CETA that are applicable during the period.

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NEW SECTION

WAC 194-40-050 Submission of clean energy implementation plan.

(1) Each utility must submit by January 1, 2022, and every four years thereafter, a clean energy implementation plan (CEIP) for resources to be acquired and other actions to be undertaken during the next interim performance period or GHG neutral compliance period to comply with the GHG neutral standard and the 100% electricity clean standard. The CEIP must be submitted using a form provided by commerce.

(2) Each utility must submit with its CEIP a summary of the public input process conducted in compliance with WAC 194-40-220 and a description of how public comments were reflected in the specific actions under WAC 194-40-200(4~~)~~), including the development of one or more indicators and other elements of the CEIP and the utility's supporting integrated resource plan or resource plans, as applicable.

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NEW SECTION

WAC 194-40-060 Reporting fuel mix and greenhouse gas emission.

(1) Each consumer-owned utility and each investor-owned utility must submit by July 1, 2021, and each year thereafter, a fuel mix source and disposition report for the previous calendar year, consistent with RCW 19.29A.140, using a form provided by commerce.

(2) Each utility must submit by July 1, 2021, and each year thereafter, a greenhouse gas content calculation for the previous calendar year.

(a) The greenhouse gas content calculation must be based on the quantities and fuel sources, including unspecified sources, of electricity identified in the source and disposition report required under subsection (1) of this section and must include all generating resources providing service to retail customers of that utility in Washington state, regardless of the location of the generating resource.

(b) The greenhouse gas content calculation must comply with the calculation requirements established by the department of ecology in chapter 173-444 WAC.

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NEW SECTION

WAC 194-40-110 Methodologies to incorporate social cost of greenhouse gas emissions. (1)(a) Each utility~~ that prepares an integrated resource plan under RCW 19.280.030(1)~~ 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 and clean energy action plans; and evaluating and selecting intermediate term and long-term resource options.

~~(b) The greenhouse gas emissions cost adder must incorporate, to the extent feasible, all greenhouse gas emissions resulting from the generation of electricity using fossil fuels, including extraction, production, transmission, and combustion.~~

~~(c~~(b) The greenhouse gas emissions cost adder may be adjusted to account for any explicit tax or fee on greenhouse gas emissions that is known or assumed in the resource analysis.

(2) A utility may comply with the requirements of subsection (1) of this section by using one of the following analytical approaches, as appropriate and consistent with the utility's overall analytical approach for resource planning, 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~~added to the cost of each resource portfolio;

(c) If the utility does not use a comprehensive resource portfolio evaluation and optimization approach: 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.

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

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NEW SECTION

WAC 194-40-200 Clean energy implementation plan. (1) **Specific actions.** Each utility must identify in each CEIP the specific actions ~~to be taken by~~ the utility will take during the next interim performance 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) of this section. Specific actions must be consistent with the requirements of RCW 19.405.060 (2)(a)(iv).

(2) **Interim target.** The CEIP must establish an interim target for the percentage of retail load to be served using renewable and nonemitting resources during the period covered by the CEIP. The interim target must demonstrate progress toward meeting the standards

under RCW 19.405.040(1) and 19.405.050(1), if the utility is not already meeting the relevant standard.

(3) **Specific targets.** The CEIP must establish specific targets, for the interim performance period or GHG neutral compliance period covered by the CEIP, for each of the following categories of resources:

(a) **Energy efficiency.**

(i) The ~~utility~~CEIP must establish 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).

(ii) A utility may update its CEIP to incorporate a revised energy efficiency target to match a biennial conservation target established by the utility under RCW 19.285.040 (1)(b) and WAC 194-37-070.

(b) **Demand response resources.** The ~~utility~~CEIP must specify a target for the amount, expressed in megawatts, of demand response resources 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 quantity in ~~MWh~~megawatt-hours of renewable electricity to be used in the period.

(4) **Specific actions to ensure equitable transition.** ~~The CEIP must describe specific actions of the utility to be taken during the period to ensure that all customers are benefiting from the transition to clean energy, as required by RCW 19.405.040(8). The~~To meet the requirements of RCW 19.405.040(8), the CEIP must, at a minimum:

~~(a~~(a) Identify each highly impacted community, as defined in RCW 19.405.020(23), and its designation as either:

(i) A community designated by the department of health based on cumulative impact analyses; or

(ii) A community located in census tracts that are at least partially on Indian country.

(b) Identify vulnerable populations based on the adverse socioeconomic factors and sensitivity factors developed through a public process established by the utility and describe and explain any changes from the utility's previous CEIP, if any;

(c) Report the forecasted distribution of energy and nonenergy costs and benefits for the utility's portfolio of specific actions,

including impacts resulting from achievement of the specific targets established under subsection (3) of this section. The report must:

(i) Include ~~indicators,~~one or more indicators applicable to the utility's service area and associated with energy benefits, nonenergy benefits, reduction of burdens, public health, environment, reduction in cost, energy security, or resiliency developed through a public process as part of the utility's long-term planning, for the provisions in RCW 19.405.040(8);

(ii) Identify the expected effect of specific actions on highly impacted communities ~~or vulnerable populations;~~and vulnerable populations and the general location, if applicable, timing, and estimated cost of each specific action. If applicable, identify whether any resource will be located in highly impacted communities or will be governed by, serve, or otherwise benefit highly impacted communities or vulnerable populations in part or in whole; and

(iii) Describe how the specific actions in the CEIP are consistent with, and informed by, the utility's longer-term strategies based on the analysis in RCW 19.280.030 (1)(k) and clean energy action plan in RCW 19.280.030 (1)(l~~); and~~) from its most recent integrated resource plan, if applicable.

~~(iv) If the utility is subject to RCW 19.280.030(1), be informed by the most recent clean energy action plan and assessment described in RCW 19.280.030 (1)(k) from its most recent integrated resource plan.~~

~~(b) Identify each highly impacted community, as defined in RCW 19.405.020(23), and the basis for its designation as either:~~

~~(i) A community designated by the department of health based on cumulative impact analyses; or~~

~~(ii) A community located in census tracts that are at least partially on Indian country.~~

~~(c) Identify vulnerable populations based on the adverse socioeconomic factors and sensitivity factors developed through a public process and describe and explain any changes from the utility's previous CEIP, if any; and~~

(d) Describe how the utility intends to ~~mitigate~~reduce risks to highly impacted communities and vulnerable populations~~.~~

~~(e) Describe the process of public participation in the development of the assessments required by this subsection and provide a summary of public comments~~ associated with the transition to clean energy.

(5) **Use of alternative compliance options.** The CEIP must identify any planned use during the period of alternative compliance options, as provided for in RCW 19.405.040 (1)(b).

(6) 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.~~

~~(7) 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.

(~~8~~7) The CEIP must be consistent with the 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).

(~~9~~8) The CEIP must identify the resource adequacy standard and measurement metrics adopted by the utility under WAC 194-40-210 and used in establishing the targets in its CEIP.

(~~10~~9) If the utility intends to comply using the ~~2%~~two percent incremental cost approach specified in WAC 194-40-230, the CEIP must include the information required in WAC 194-40-230(3) and, if applicable, the demonstration required in WAC 194-40-350(2).

(~~11~~10) Any utility that is not subject to RCW 19.280.030(1) may meet the requirements of this section through a simplified reporting form provided by commerce.

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NEW SECTION

WAC 194-40-210 Resource adequacy standard. (1) Each utility that is required to prepare an integrated resource plan under RCW 19.280.030(1) must establish by January 1, 2022, a standard for resource adequacy to be used in resource planning, including assessing the need for and ~~type~~contributions of generating resources, storage 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~~such as peak load standards and loss of load probability or loss of load expectation;

(b) Methods of measurement, ~~including~~such as probabilistic assessments of resource adequacy~~ at both a system;~~ and~~ resource level;~~ ~~and~~

(c) ~~Probabilistic measures~~Measures of resource contribution to resource adequacy, such as effective load carrying capability applicable to all resources available to the utility including, but not limited to, renewable, storage, hybrid, and demand response resources.

(2) Each utility not subject to subsection (1) of this section must identify by January 1, 2022, the resource adequacy standard relied on by the utility in preparing its resource plan and CEIP.

(3) In each CEIP submitted after 2022, each utility must identify and explain any changes to its resource adequacy standard.

[]

NEW SECTION

WAC 194-40-220 Public input for planning. (1) Each utility must provide reasonable opportunities for its customers and interested stakeholders to provide input to the utility during the development of, and prior to the adoption of, plans identifying actions to comply with RCW 19.405.040(8) and other requirements of RCW 19.405.040 and 19.405.050. ~~This requirement applies to a utility's~~A utility may use a single coordinated public input process in the development of its

clean energy implementation plan, its integrated resource plan or resource plan, as applicable, and its clean energy action plan or 10-year action plan, as applicable.

(2) In assessing whether a public input opportunity is reasonable, the utility must consider barriers to public participation due to language, cultural, economic, technological, or other factors consistent with community needs.

[]

NEW SECTION

WAC 194-40-230 Compliance using two percent incremental cost of compliance. (1) For any ~~interim performance period or GHG neutral compliance~~ period in which a utility relies on RCW 19.405.060 (4)(a) to meet an interim target during an interim performance period or as the basis for compliance with the standard under RCW 19.405.040(1) or 19.405.050(1), the utility must:

(a) Document, as provided in this ~~chapter~~section, incremental ~~expenditures~~costs that are directly attributable to actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050; and

(b) Demonstrate that the average annual ~~increase in~~ incremental ~~expenditures, as~~ costs identified under (a ~~percentage~~) of ~~retail revenue requirement in each prior year, equals or exceeds~~this subsection are at least equal to an annual threshold amount that would result from a two percent ~~over~~revenue increase at the beginning of each year of the period, divided by the number of years in the period. For a period consisting of four years, the mathematical formula for the annual threshold amount is:~~.~~

$$\text{Annual Threshold Amount} = \frac{(RR_0 \times 2\% \times 4) + (RR_1 \times 2\% \times 3) + (RR_2 \times 2\% \times 2) + (RR_3 \times 2\%)}{4}$$

Where *RR* indicates retail revenue requirement and the numerical subscript indicates the year of the period.

~~Example calculation~~ <example calculation in 2nd discussion draft omitted from comparison>

Example calculation of annual threshold amount:

Year	Retail Revenue Requirement	Annual Amount from Revenue Increase Equal to 2% of Prior Year Revenue Requirement	Number of Years in Effect	Threshold Amount over Four Years	Sum of Threshold Amounts	Annual Threshold Amount
0	$100					
1	$105	$2.00	4	$8.00	$21.00	$5.30
2	$110	$2.10	3	$6.30		
3	$115	$2.20	2	$4.40		
4	$120	$2.30	1	$2.30		
Annual Threshold Amount as a Percentage of Average Retail Revenue Requirement						4.7%

(2) For the purposes of compliance using RCW 19.405.060 (4)(a), a ~~resource acquisition or expenditure~~cost is directly attributable to

actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050 only if all of the following conditions are met:

(a) The ~~resource acquisition or other expenditure~~cost is ~~made~~incurred during the ~~interim performance~~ period ~~or GHG neutral compliance period;~~;

(b) The ~~resource acquisition or other expenditure~~cost is part of the lowest reasonable cost and reasonably available portfolio of resources that results in compliance with RCW 19.405.040 and 19.405.050;

(c) The ~~resource acquisition or other expenditure~~cost is additional to the costs that would be incurred for the lowest reasonable cost and reasonably available resource portfolio that would have been selected in the absence of RCW 19.405.040 and 19.405.050; and

(d) The ~~resource acquisition or other expenditure~~cost is not required to meet any statutory, regulatory, or contractual requirement or any provision of chapter 19.405 RCW other than sections RCW 19.405.040 or 19.405.050.

(3) ~~The~~A utility using the compliance method in this rule must include in its CEIP for the period the following information:

(a) Identification of all ~~resource acquisitions or other expenditures~~costs that it intends to ~~make~~incur during the period in order to comply with the requirements of RCW 19.405.040 and 19.405.050;

(b) Demonstration that the ~~resource acquisitions or expenditures~~costs identified in (a) of this subsection are directly attributable to actions necessary to comply with the requirements of RCW 19.405.040 and 19.405.050; and

(c) Documentation of the expected cost of the utility's planned resource portfolio and the expected cost of the alternative lowest reasonable cost and reasonably available portfolio~~ of investments~~.

(4) The utility must include in the compliance report required by WAC 194-40-040 the following:

(a) Documentation by year of the actual and lowest reasonable ~~cost expenditures~~costs incurred during the period for the ~~resource acquisitions or other expenditures~~costs identified in subsection (1)(a) of this section.

(b) Documentation by year of the ~~cost~~costs that the utility would have incurred to acquire the alternative lowest reasonable cost and reasonably available portfolio of investments.

(c) A calculation~~, for each year~~ of the ~~period and as an~~ average ~~for the period, of the~~ annual ~~increase in~~ incremental costs ~~directly attributable to actions necessary to comply with the requirements of RCW 19.405.040~~by summing the differences between costs reported in (a) of this subsection and costs reported in (b) of this subsection and ~~19.405.050, as a percentage~~dividing by the number of ~~the retail revenue requirement~~years in the ~~year preceding~~period.

(d) A comparison demonstrating that ~~year~~average annual incremental costs for the period, calculated as specified in (c) of this subsection, equal or exceed the annual threshold amount calculated as specified in subsection (1)(b) of this section.

(5) If a resource ~~acquisition~~included in an actual or ~~an~~ alternative ~~resource~~portfolio has a useful life or contract duration of greater than one year, ~~expenditures on~~the cost of that resource must be allocated over the expected useful life or contract duration using a levelized cost or fixed charge factor.

(6) The CEIP must substantiate the information required in subsection (3) of this section using a comprehensive assessment of alternative resource portfolios, such as an integrated resource plan prepared in compliance with chapter 19.280 RCW.

(7) A utility must include in all cost calculations under this rule the effects on resource selection and acquisition of the social cost of greenhouse gas emissions cost adder requirement under RCW 194.40.110. A utility may not include in the cost calculations any greenhouse gas emissions costs, fees, or taxes unless customers will pay those amounts through their electricity purchases.

(8) As used in this rule, "period" means the years covered by each CEIP developed in compliance with RCW 19.405.060(2).

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NEW SECTION

WAC 194-40-300 Documentation concerning coal-fired resources. (1) Each utility must publish by June 1, 2027, and each year thereafter, an attestation by a properly authorized representative of the utility certifying that the utility's allocation of electricity for Washington retail electric load in the prior calendar year did not include any electricity generated at a coal-fired resource. The utility must provide additional documentation as the auditor may require.

(2) ~~The~~A transaction to purchase of electricity, where the source is unknown at the time of purchase, for a term not to exceed thirty-one ~~month~~days, is not a coal-fired resource ~~and does not preclude a utility from making~~for the ~~attestation required by subsection (1)~~purposes of this ~~section~~rule.

(3) ~~If the utility purchased or otherwise acquired electricity for Washington retail electric load for a term greater than one month and the source of that electricity is unknown at the time of purchase, the utility may rely on operational data to demonstrate that the electricity was~~ A utility must not ~~generated using coal as a fuel source.~~

~~(4) If a utility enters into a~~ engage in a series or combination of short-term transactions for unspecified electricity ~~that might reasonably appear to be a substitute for a single purchase or acquisition for a term of more than one month, the utility must document the transactions in sufficient detail to demonstrate that the electricity from the transactions is not a~~ for the purpose of avoiding the restrictions on use of coal-fired ~~resource.~~resources under RCW 19.405.030(1).

[]

NEW SECTION

WAC 194-40-310 Documentation of nonemitting electric generation.

(1) Any utility using nonemitting electric generation to comply with a requirement under RCW 19.405.040 or 19.405.050 must demonstrate that it owns the nonpower attributes of that electricity and that it has committed to use the nonpower attributes exclusively for the stated compliance purpose.

(2) A utility may demonstrate ownership of nonpower attributes using contractual records or attestations of ownership and transfer by properly authorized representatives of the generating facility, all intermediate owners of the nonemitting electric generation, and a properly authorized representative of the utility.

(3) A utility may demonstrate ownership of the nonpower attributes of the nuclear portion of BPA's ~~standard~~ electricity product by relying on a representation of a properly authorized representative of BPA stating the nonemitting percentage of its electricity product and verifying that BPA did not separate the nonpower attributes associated with the nuclear generation.

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NEW SECTION

WAC 194-40-320 Use of electricity from renewable resources and nonemitting electric generation. (1) For the purposes of RCW 19.405.040 (1)(a)(ii), a utility uses electricity if it generated the electricity using its own generating facility or if it acquired, in a single transaction, ownership of the electricity and the nonpower attributes of that electricity. If the source of the electricity is outside the Western Interconnection, the utility must have had the capability to provide for delivery of that electricity to the utility's distribution system.

(2) If a utility using electricity as provided in subsection (1) of this section sells or transfers ownership of the electricity to any entity that is not its Washington retail customer, it may not use the nonpower attributes of that electricity for compliance with the GHG neutral standard unless the electricity transaction identified the electricity as unspecified electricity and the utility retained ownership of the nonpower attributes.

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NEW SECTION

WAC 194-40-330 Methodologies for energy efficiency and demand response resources. (1) **Energy efficiency resources.**

(a) **Assessment of potential:**

(i) Any utility that is a qualifying utility under chapter 19.285 RCW must assess the amount of energy efficiency and conservation that is available using the conservation methodology established in RCW 19.285.040(1) and the rules implementing that subsection. The analysis must include the social cost of greenhouse gas emissions as specified in WAC 194-40-110.

(ii) Any utility that is not a qualifying utility under chapter 19.285 RCW must establish the amount of energy efficiency and conservation that is available using either of the following methods:

(A) Use the conservation methodology established in RCW 19.285.040(1) and the rules implementing that subsection; or

(B) Establish the reasonable utility-level proportion of a conservation potential assessment prepared at a regional or multi-utility level using a methodology that ~~evaluates resource alternatives on a total resource cost basis and includes the social cost of greenhouse gas emissions as specified in WAC 194-40-110.~~:

(I) Evaluates resource alternatives on a total resource cost basis, in which all costs and all benefits of conservation measures

are included regardless of who pays the costs or receives the benefits; and

(II) Includes the social cost of greenhouse gas emissions as specified in WAC 194-40-110.

(b) **Target.** The energy efficiency target for any interim performance period or GHG neutral compliance period must equal or exceed the target that would be calculated using the pro rata share approach specified in RCW 19.285.040 (1)(b) and must be sufficient to ensure that the utility meets its obligation under RCW 19.405.040(6) to pursue all cost-effective, reliable, and feasible conservation and energy efficiency resources.

(c) **Measurement and verification.** All energy efficiency and conservation resources used to meet an energy efficiency target must be measured and verified using the measurement and verification requirements of WAC 194-37-080 (3) and (4).

(2) **Demand response resources:**

(a) **Assessment of potential.** Each utility must assess the amount of demand response resource that is cost-effective, reliable, and feasible.

(b) **Target.** The demand response target for any compliance period must be sufficient to meet the utility's obligation under RCW

19.405.040(6) and must be consistent with the utility's integrated resource plan or resource plan and any distributed energy resource plan adopted under RCW 19.280.100.

(c) **Measurement and verification.** Each utility must maintain and apply measurement and verification protocols to determine the amount of capacity resulting from demand response resources and to verify the acquisition or installation of the demand response resources being recorded or claimed. The utility must document the methodologies, assumptions, and factual inputs used in its measurement and verification of demand response resources.

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NEW SECTION

WAC 194-40-340 Acquisition of new resources other than renewable resources and energy storage. A utility that acquires a new fossil fuel generating resource or new nonemitting electric generation must document through its integrated resource plan and any other analysis relied on in making its decision that the resource acquisition is consistent with meeting the utility's targets under RCW 19.405.040 or the standard in RCW 19.405.050 at the lowest reasonable cost,

considering risk. For the purposes of this chapter, a resource that commenced operation on or before May 7, 2019, is not a new resource.

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NEW SECTION

WAC 194-40-350 Use of alternative compliance options by utilities using two percent incremental cost threshold. (1) Except as provided in subsection (2) of this section, a utility may not use any alternative compliance option under RCW 19.405.040 (1)(b) in any GHG neutral compliance period if it relies on RCW 19.405.060 (4)(a) as the basis for compliance with the standard under RCW 19.405.040(1) or 19.405.050(1).

(2) A utility relying on RCW 19.405.060 (4)(a) may use an alternative compliance option if:

(a) The utility demonstrates that no renewable resources or nonemitting electric generation was reasonably available; or

(b) The ~~utility's~~utility uses renewable resources and nonemitting electric generation in an amount equal to at least eighty percent of its annual retail electric load during the period.

[]

NEW SECTION

WAC 194-40-360 Temporary exemption, demonstration of plan to achieve full compliance. (1) A utility must notify commerce at least thirty days prior to consideration of action by the governing body to authorize a temporary exemption under RCW 19.405.090 (5)(a). The notice must provide all information that the governing body will rely on in making a decision whether to authorize a temporary exemption.

(2) If the governing body of a utility authorizes a temporary exemption under RCW 19.405.090 (5)(a), the governing body must notify commerce within thirty days of the action. The governing body's notice must include a plan to take specific actions to achieve full compliance with RCW 19.405.040(1).

[]

NEW SECTION

WAC 194-40-400 Documentation and retirement of renewable energy credits. (1) The Western Renewable Energy Generation Information System is the renewable energy credit tracking system for purposes of verification of RECs under chapter 19.405 RCW.

(2)(a) Except as provided in (b) of this subsection, each utility must verify and document by the retirement of RECs all electricity from renewable resources used to meet a target in an interim performance period or to comply with the requirements of RCW 19.405.040 or 19.405.050.

(b) A utility is not required to comply with (a) of this subsection for electricity from renewable resources used to meet a target in an interim performance period if:

(i) The energy source for the generating facility is water;

(ii) The generating facility is not registered in WREGIS or the WREGIS account holder for the generating facility verifies that no RECs have been created for the electricity used to meet CETA requirements; and

(iii) The utility owned the generating facility or purchased the electricity directly from the owner of the facility or, in the case of federal generating facilities, from ~~the Bonneville Power Administration~~BPA.

(3) Each utility using a REC under this chapter must document the following:

(a) The REC represents the output of a renewable resource;

(b) The vintage of the REC is a year within the applicable performance period or compliance period; and

(c) The utility has retired the REC to a retirement subaccount of the utility within WREGIS using the following values in the certificate transfer:

(i) Retirement type: Used by the account holder for a state-regulated renewable portfolio standard/provincial utility portfolio standard;

(ii) State/province: Washington; and

(iii) Compliance year: Within the applicable performance period or compliance period.

(4) A utility may use any REC retired to comply with RCW 19.285.040 for the purposes identified in subsection (2) of this section if the compliance year indicated in the retirement documentation of the REC is within the compliance period of the standard or target identified in subsection (2) of this section.

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NEW SECTION

WAC 194-40-410 Use of renewable energy credits other than unbundled RECs. (1) This rule applies to any REC, other than an unbundled REC, used to comply with the requirements of RCW 19.405.040 (1)(a) or to demonstrate performance compared to an interim target established under RCW 19.405.060(1).

(2) The utility must acquire the REC and the electricity associated with the REC in a single transaction through ownership or control of the generating facility or through a contract for purchase or exchange.

(3)(a) The electricity associated with the REC must be generated by a generating facility located within the balancing authority area of the utility's Washington operations; or

(b) The utility must acquire the electricity associated with the REC at one of the following points of delivery:

(i) The transmission or distribution system of any utility serving Washington retail customers;

(ii) The transmission system of the Bonneville Power Administration; or

(iii) If the utility participates in an organized market in the Western Interconnection, the transmission system of any entity in that organized market; or

~~(iv) Another point of delivery designated by the utility for the purpose of subsequent delivery to the utility.~~

~~(4) The electricity associated with the REC must be included as a declared resource of the utility in its source and disposition report submitted in compliance with RCW 19.29A.140.~~

~~(5) A utility may not use a REC subject to this section if it has sold or otherwise transferred ownership of the associated electricity in a transaction that contractually specifies the source of the electricity by fuel source or as renewable.~~

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~~NEW SECTION~~

WAC 194-40-430 Thermal RECs—Applicability. (1) A thermal renewable energy credit may be used as an unbundled REC under RCW 19.405.040 (1)(b) if it is created in association with the generation of qualifying thermal energy for a secondary purpose at a facility that generates electricity from biomass energy. For multiple-fuel facilities, only the portion of thermal energy generated from eligible biomass sources is eligible for the generation of a thermal REC.

(2) Thermal energy may not be used to create a thermal REC if the thermal energy:

(a) Is used to operate the generating facility or process the facility's fuel;

(b) Is returned to the biomass conversion device that initially created the eligible thermal resource;

(c) Bypasses the electricity generation device; or

(d) Is produced while the electricity generation equipment is out of service.

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NEW SECTION

WAC 194-40-440 Thermal RECs—Measuring. (1) Qualifying thermal energy must be measured and tracked using the following methods:

(a) **Large facilities:** Facilities with the capacity to generate one or more thermal RECs per hour of operation must install a thermal energy measurement system to continually measure qualifying thermal energy. The thermal energy delivered to the secondary purpose must be metered. All parameters needed to determine thermal energy delivered to the secondary purpose must be directly measured.

(b) **Small facilities:** Facilities with the capacity to generate less than one thermal REC per hour of operation must install a thermal energy measurement system to measure qualifying thermal energy delivered to the secondary purpose. Calculation parameters, such as heat capacity, and directly measured parameters, such as temperature and pressure, that do not vary more than two percent for the full range of expected operating conditions may be evaluated on an annual basis and used in the calculation methodology as a constant. These parameters may be based on such sources as manufacturers' published ratings or one-time measurements, but must be clearly defined and explained in the thermal energy measurement plan required under subsection (2) of this section. All other parameters used to determine the amount of qualifying thermal energy must be continually measured. The generating facility must assess the significance of any potential error that the methodology parameters have on the total annual quantity of qualifying thermal energy and include this analysis in the thermal energy measurement plan. The generating facility must also submit to the department for approval in the thermal energy measurement plan an appropriate discount factor to be applied to the qualifying thermal energy calculation methodology, and the department

may revise this discount factor to account for variance due to parameters that are not continually measured.

(c) Any thermal energy measurement system used to comply with this rule must capture sufficient data, and make necessary calculations or provide all necessary data for calculations to be made using standard engineering calculation procedures, to determine the net thermal energy used by the secondary purpose over an interval specified in the thermal energy measurement plan.

(d) The components of a thermal energy measurement system must be installed in accordance with the manufacturer's specifications.

(2) The operator of a thermal energy generating facility must submit to the department for its approval a thermal energy measurement plan that:

(a) Describes the thermal energy generating equipment, secondary purposes, data measurements to be collected, all associated measurement devices, data formats and storage, data gathering techniques, measurement system calibration, calculation methodology, discount factors, and other relevant equipment and activities that will be used to determine the quantity of qualifying thermal energy.

(b) Includes documentation, including drawings, specifications, piping and instrumentation diagrams, and other information, sufficient

to verify the compliance of the system with the requirements of this rule.

(c) Is prepared by or under the supervision of a licensed professional engineer, as indicated by the engineer's stamp.

(3) The operator of a thermal energy generating facility must submit an updated thermal energy measurement plan and documentation for review and approval to the department upon the following:

(a) Installation, removal or changes in the configuration of the thermal energy measurement system and its components;

(b) Installation of new thermal energy generation equipment or changes in thermal energy generation capacity;

(c) Installation or removal of secondary purpose equipment, changes to secondary purpose use, or changes in the secondary purpose maximum thermal energy demand; or

(d) Indications the thermal energy measurement system is not performing in accordance with the thermal energy measurement plan.

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NEW SECTION

WAC 194-40-450 Thermal RECs—Tracking. (1) Where continual measurements are required to determine the quantity of qualifying thermal energy, the operator of the thermal energy generating facility must take data readings at least once per hour, or more frequently as necessary to capture irregular or frequently varying parameters. For all facilities, the qualifying thermal energy produced must be totaled for each twenty-four-hour period, each month, and each quarter.

(2) The operator of the generating facility must retain measured data and related thermal energy calculations on-site for five calendar years and make records available for audit.

(3) Prior to measuring qualifying thermal energy for the purpose of generating thermal RECs, the operator of the generating facility must perform, or have performed, an initial calibration of the thermal energy measurement system and all associated measurement devices, or demonstrate that a calibration has been performed as specified by system component manufacturers or within the last three hundred sixty-five days of the application date for certification as compliant with these rules. All measurement devices shall be recalibrated annually or as specified by system component manufacturers to maintain specified accuracy. Calibrations must be performed using the calibration procedures specified by the meter manufacturer, calibration methods

published by a consensus-based standards organization, or other industry accepted practice.

(4) Individuals designing, installing, operating, and maintaining the thermal energy measurement system must have appropriate training and certification. The generating facility must maintain documentation of maintenance and calibration activities.

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NEW SECTION

WAC 194-40-460 Thermal RECs—Reporting. All thermal RECs are subject to the requirements of WAC 194-40-400.

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