

I-937 Rules for Consumer Owned Utilities

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Overview

- I-937 passed in Nov., 2006.
- Directs CTED to develop rules for non-IOUs; UTC for IOUs
- Rules are done and are available on the CTED web site:

<http://www.cted.wa.gov/site/1001/default.aspx>

Along with “Concise Explanatory Statement” and documentation of the entire rule development process

Overview (2)

- CTED rules apply only to the 14 COUs covered by I-937 (See next slide)
- UTC adopted rules for the IOUs
- Similar in some ways (Renewables), very different in others (Conservation), reflecting UTC ongoing regulatory relationship with IOUs

Electric Utilities in Washington with more than 25,000 customers as of 2005

Electric Utility	Class of Ownership	Number of Consumers
Puget Sound Energy Inc	Investor Owned	1,011,457
Seattle City of	Public	375,869
Snohomish County PUD No 1	Public	300,176
Avista Corp	Investor Owned	220,271
PUD No 1 of Clark County	Public	173,548
Tacoma City of	Public	162,969
PacifiCorp	Investor Owned	122,227
PUD No 1 of Cowlitz County	Public	46,702
PUD No 1 of Benton County	Public	44,389
PUD No 1 of Chelan County	Public	43,705
PUD No 2 of Grant County	Public	41,722
PUD No 1 of Grays Harbor County	Public	41,059
Inland Power & Light Company	Cooperative	33,210
PUD No 3 of Mason County	Public	30,830
Peninsula Light Company	Cooperative	29,147
PUD No 1 of Lewis County	Public	28,837
PUD No 1 of Clallam County	Public	28,444

Overview (3)

- CTED rules cover, per the statute: documentation and reporting.
- No enforcement: that is up to the auditors and AG. CTED rules provide guidance to auditors who must determine whether a utility complied with the law.

Overview (4)

Enforcement Process

- For consumer owned utilities:
 - CTED makes procedural rules
 - WA State auditor assesses compliance
 - AG enforces if not in compliance: levies fines
 - GA spends money from fines on un-achieved conservation or renewables
- For investor owned utilities:
 - UTC replaces CTED, auditor, AG

Summary of I-937

Conservation requirements

- Pursue all cost-effective conservation
- Use methodology consistent with Power Council's to develop a 10 year target every two years
- Achieve 20% of ten-year target every two years
- Thus, targets and achievements must roll forward every two years.
- First plan must be completed by Jan. 1, 2010 and set targets for 2010-2011 biennium

Summary of I-937 (2)

Renewables Requirements

- 3% of load by 2012, 9% by 2016, 15% by 2020
- Own, buy renewable power, buy RECs
 - If own or buy, generation must be within NW
 - Can buy credits from anywhere in WECC
- Cost cap provides way out for those utilities for whom it would be very expensive to comply
- Utilities with no load growth have even lower cost cap
- Penalties if targets are not achieved (same enforcement regime as for conservation)

Summary of I-937 Enforcement

- For PUDs and Munis, State Auditor determines compliance; for Co-ops, their independent auditor
- Attorney General may impose penalties for non-compliance
- \$50 for each mwh of missed targets each year
- Funds deposited in a fund managed by the Dept of Gen Admin to be spent on meeting the shortfalls.

Summary of CTED rules: Organization

- Definitions Section
 - Most, but not all, taken from statute
- Conservation Sections
 - Reporting: what to report, when to report, report format
 - How to document the development of conservation targets: computing “all-cost effective conservation.”
- Renewables Sections
 - Reporting
 - Documentation of achievements
 - Documentation for compliance via cost cap
 - WREGIS

Summary of CTED Rules Renewables

- Explains deadlines
 - Must have target year's resources in hand (own, contracts, RECs) in hand by Jan.1 of target year
- Documentation and reporting requirements
 - Annual reports starting June 1, 2012 that summarize renewable resources acquired to meet targets.
 - Documentation of compliance with financial path (cost cap), if applicable, instead of meeting resource target.
 - Special cases such as incremental hydropower
- WREGIS (Western Regional Electricity Generation Information System) chosen as the official tracking system for Renewable Energy Credits (RECs)

Regional Dialogue Issues: Renewables

- Renewables bundled in BPA purchases count toward renewable targets
- RECs purchased from BPA count
- Any other purchases of eligible renewables from BPA count: e.g. Tier 2 “vintaged renewables” as long as the environmental attributes are included.
- Questions still linger about BPA’s Wyoming wind resources which are outside the geographical footprint established in the law. This may be something for the legislature to fix next year.

Summary of CTED rules

Conservation (1)

- Explains how to use Council methodology to develop conservation targets by January 1, 2010 and thereafter
 - Three options (Tom Eckman will explain in greater detail)
 - Council Calculator: % of regional target
 - Modified calculator: customized % of regional target
 - Utility specific: explains council methodology to guide utilities in development of their own ground-up conservation plan.
 - How to document calculations used in developing target
- Note: All utilities in WA have to complete IRPs or RPs by September, 2008. Resource plan work is transferable and foundational to development of I-937 conservation targets

Summary of CTED rules

Conservation (2)

- Reporting and documentation of achievements
 - The rules explain what counts as cost-effective conservation. For example:
 - Deemed measures and technologies (RTF and other)
 - Market transformation—NEEA programs, codes/standards, etc.
 - Covers formats and deadlines
- Reporting deadlines
 - First report due: June 1, 2012

Major Conservation Issues During Rule Development

- Use of Regional Avoided Cost
 - Utilities cannot use what they think is their own avoided cost, but must use a regional avoided cost.
- Consistency with Council Methodology
- Production and Distribution efficiencies
- “Too prescriptive/exceeds CTED’s authority”

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