

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of

DOCKET UE-210795

Puget Sound Energy's

ORDER 14

Clean Energy Implementation Plan  
Pursuant to WAC 480-100-640

Denying Petition to Amend Orders 8  
and 12, and Adjust PSE's Clean  
Energy Implementation Plan Annual  
Interim Targets for 2024 and 2025

- 1 On December 17, 2021, Puget Sound Energy (PSE or Company) filed its first Clean Energy Implementation Plan (CEIP) to comply with the mandates of the Clean Energy Transformation Act (CETA). After an adjudicative process, the 2021 CEIP was approved with conditions by the Commission in Order 08.
- 2 On November 1, 2023, PSE filed its Biennial CEIP Update which included a proposed reduction in its annual interim targets for 2024 and 2025. In the November filing, the Company described many factors impacting its decision to request reduced targets, including increased load growth, below average hydro generation performance, regional competition for clean resources, and delayed commercial operation dates. During a recessed open meeting on March 22, 2024, the Commission approved this Biennial CEIP Update with conditions.<sup>1</sup>
- 3 On September 27, 2024, PSE filed its Petition requesting authority to lower its interim targets, as set in the CEIP and upheld in the Biennial CEIP Update, for compliance years

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<sup>1</sup> Order 12 pg. 8 (1)(a-c), "Interim Targets:

- a. PSE will maintain the Interim Targets approved by the Commission in Order 08 of Docket UE-210795 for the remainder of this compliance period (i.e., 2022 – 43 percent of retail load served by renewable and non-emitting electric generation; 2023 – 53 percent; 2024 – 59 percent; 2025 – 63 percent).
- b. PSE will maintain the methodology of an annual series of interim targets for the current CEIP compliance period (i.e., one interim target for each of the four years of the compliance period).
- c. If PSE would need to purchase unreasonably costly energy to meet the 2025 Interim Targets, the Commission will consider this in determining whether the Company has complied with the Interim Targets for the first compliance period."

2024 and 2025 to 48 percent based on similar factors as the initial target reduction request. The Company asserts that without approval, PSE will need to purchase a projected \$200 million in short-term clean energy resources to meet current targets.

- 4 Commission staff (Staff) recommends denying the Petition – as there has been a lack of change in circumstances to so justify. Staff further stated that determining the reasonableness of resources acquisition is the role of the Company; and that the Commission has previously made clear that any determination assessing potential penalties for missed targets would consider the facts and circumstances the Company experienced in its efforts to meet the interim targets.
- 5 This matter came before the Commission during its regularly scheduled Open Meeting on November 7, 2024. Staff, PSE, Alliance of Western Energy Consumers (AWEC), Northwest Energy Coalition (NVEC), and the Washington Clean Energy Coalition (WCEC) presented comments on the matter. Staff reiterated its position that it believes PSE’s petition fails to present new circumstances for changing Orders 08 and 12. Staff further argues that the Commission has provided the Company with sufficient guidance to address the concerns raised in PSE’s Petition. Staff also reiterated that it is not proposing PSE purchase costly short-term resources, and that the Commission has provided guidance to PSE that while progress needs to be made, rote adherence to the targets is not required under Commission precedent.
- 6 PSE reiterated its position in its Petition and specifically noted that PSE is at a decision point on whether to pursue short term contracts to meet the interim targets. PSE argued the Company felt the costs for short-term resources could be better used elsewhere and that the Company has done what it can to acquire CETA compliant resources that meet the longer-term 2030 requirements. PSE explicitly noted that it seeks additional guidance on what the prudence review will look like, what reasonable or unreasonable costs look like, and that hydro conditions and demand forecasts have materially changed and impacted the Company’s ability to meet its existing interim CEIP targets. The Company requested guidance and recognition from the Commission that short-term energy purchases that do not further progress towards longer term goals and CETA compliance, are unreasonable to acquire for meeting the 2021-2025 CEIP interim targets.
- 7 AWEC expressed its concern that without clear guidance from the Commission, customers might be subjected to unreasonable costs from short-term clean energy contracts that ultimately do not help PSE meet its long-term CETA compliance

requirements. NVEC reiterated its written comments and suggested that if the Commission does provide guidance, that it be restricted to the facts specific to this matter. NVEC shared Staff’s concerns that if the Commission acts to reduce targets in this matter, such an action would open the door for other utilities to make similar requests. WCEC expressed its position that the targets remain useful in guiding the Company towards the final goal in 2030. WCEC argued the targets show the trend the Company is on and that as targets are met, fewer greenhouse gasses are emitted, but also recognized that short term contracts to meet interim targets do not contribute to the Company meeting its longer-term CETA requirements and would only increase costs.

### DISCUSSION AND DECISION

- 8 Per WAC 480-07-875(1), the Commission may act in response to a petition to amend any order that the Commission has entered. Such petitions must meet the requirements set in WAC 480-07-870 (covering petitions for rehearing). Two circumstances which meet this requirement include “changed conditions since the commission entered the order; . . . or [a]n effect of the order that the commission or the petitioner did not contemplate or intend.”
- 9 Here, we agree with the Company. While the circumstances put forth appear the same on their face as PSE’s prior Petition, we find that PSE has demonstrated specific facts that have shifted, and quantified those shifts. Thus, this Petition is properly before us. Specifically, we find that PSE’s quantification of the specific costs for short-term clean energy purchases and other data points related to hydro conditions and load growth are sufficient for us to consider PSE’s Petition.
- 10 The Petition before the Commission presents a difficult situation. We have concerns about granting a change to interim targets, as we have already given PSE and other regulated companies guidance that the Commission does not expect or anticipate rote adherence with the interim targets.<sup>2</sup> The possibility of unreasonably expensive short-term energy purchases was contemplated in prior orders and in the passage of CETA.<sup>3</sup> Further, we agree with Staff and other parties that granting this Petition may create a scenario

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<sup>2</sup> *In re Adopting Rules Relating to Clean Energy Implementation Plans and Compliance with the Clean Energy Transformation Act*, Dockets UE-191023 & UE-190698 (*consolidated*), General Order 601 at fn. 34 (Dec. 28, 2020).

<sup>3</sup> *Id.* at ¶ 105; *see also, In re Puget Sound Energy Clean Energy Implementation Plan Pursuant to WAC 480-100-640*, Docket UE-210795, Order 12 at ¶¶ 16(1)(c), 28(1)(c) (Mar. 25, 2024).

where each year during CEIP compliance periods, the Commission may receive requests to amend targets based on changing conditions. We also agree that keeping the targets in place provides incentive to PSE and others to make reasonable progress towards achieving CETA targets. However, we also have concerns about PSE asserting that without adjustments to interim targets, it may purchase expensive short-term resources, which the Company itself has stated result in unreasonable costs and would not help the Company achieve its CETA obligations for 2030 and beyond. While the facts and circumstances that PSE presents in this proceeding are not complete, as this is not a compliance proceeding, they are clear indication of good faith efforts by the Company to meet the interim targets and a recognition that simply purchasing expensive short-term clean energy contracts solely to meet the interim target would represent unnecessary rote adherence to the Commission's rules, and may not be a prudent action.

11 To that point, the Commission would point PSE and others to prior orders regarding CETA compliance and reasonable utility practices and management. The Company's interim targets do not require imprudent spending; the Commission would consider this fact when determining compliance for the four-year CEIP period, including whether to assess penalties for missed targets. The Commission will also consider what appears as reasonable progress already made by PSE in acquiring more than 3,800 MW of name-plate capacity of CETA compliant resources. The Commission has stated in prior orders that rote adherence to interim targets is not anticipated. While the Commission always retains discretion in determining compliance whether to assess penalties for failure to meet targets, it is the Company's burden to make good faith efforts to work to adhere to those targets to the extent practicable or show the Commission why it was unable to do so. In the view of the Commission, the proposed substantive amendment of the interim target at an Open Meeting would be an unnecessary departure from the process contemplated by the rules and the intent of CETA.

### FINDINGS AND CONCLUSIONS

- 12 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including natural gas companies.
- 13 (2) PSE is an electric and gas company providing service within the state of Washington. As a public service company, it is subject to Commission jurisdiction.

- 14 (3) WAC 480-07-370(1) allows companies to file petitions including that for which PSE seeks approval.
- 15 (4) Staff reviewed the Petition to Amend Orders 8 and 12 filed in this docket and recommends the Commission deny the request.
- 16 (5) This matter came before the Commission at its regularly scheduled meeting on November 7, 2024.
- 17 (6) After reviewing PSE's Petition, and giving due consideration to all relevant matters, the Commission finds that PSE's request is appropriately before the Commission, but that the Petition should be denied for the reasons stated in paragraphs 10 and 11 of this Order.

**ORDER**

**THE COMMISSION ORDERS:**

- 18 (1) Puget Sound Energy's Petition filed September 27, 2024, is denied.
- 19 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it.

DATED at Lacey, Washington, and effective November 8, 2024.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

DAVID W. DANNER, Chair

ANN E. RENDAHL, Commissioner