



Puget Sound Energy  
P.O. Box 97034  
Bellevue, WA 98009-9734  
Received [pse.com](http://pse.com)  
Records Management  
Dec 15, 2023

December 15, 2023

### **Filed Via Web Portal**

Kathy Hunter, Acting Executive Director and Secretary  
Washington Utilities and Transportation Commission  
621 Woodland Square Loop SE  
Lacey, WA 98503

**Re: Docket U-230161 – Rulemaking to consider possible revisions to WAC chapter 480-100, WAC 480-90-238, WAC 480-107, and potential new rules under RCW 80.28.380 given investor-owned utilities’ obligations under the Climate Commitment Act, Comments of Puget Sound Energy – December 2023**

Dear Executive Director Hunter:

Puget Sound Energy (“PSE” or “Company”) appreciates the opportunity to provide comments in response to the Amended Notice of the Opportunity to Provide Comments (“Notice”) regarding the “Rulemaking to consider possible revisions to WAC chapter 480-100, WAC 480-90-238, WAC 480-107, and potential new rules under RCW 80.28.380 given investor-owned utilities’ obligations under the Climate Commitment Act,” issued on October 10, 2023 (“Amended CR-101”).

### Background

On September 13, 2023, the Washington Utilities and Transportation Commission (“Commission”) filed with the Code Reviser a Preproposal Statement of Inquiry (“CR-101”) to consider possible revisions to chapters 480-100 of Washington Administrative Code (“WAC”) regarding the obligations of investor-owned utilities (“IOUs”) under the Climate Commitment Act (“CCA”) in the above referenced docket. Also on September 13<sup>th</sup>, the Commission issued a Notice of Opportunity to File Written Comments on the proposed rulemaking/CR-101, with an initial deadline of November 17, 2023.

On October 10, 2023, the Commission filed an Amended CR-101 to additionally consider revisions to WAC 480-90-238 and WAC 480-107, and potentially the adoption of new rules under RCW 80.28.380 or elsewhere in the WAC given IOUs’ obligations under the CCA. Also on October 10, the Commission extended the deadline for written comments on the Amended CR-101 to December 15, 2023.

Over the past year, due to the urgent need to make timely CCA implementation decisions, PSE has worked with interested parties and the Commission to submit and gain approval for electric load/resource forecasts,<sup>1</sup> the first CCA gas utility tariff filing,<sup>2</sup> and several subsequent CCA gas tariff filings to incorporate deferral costs and to implement changes aimed at capturing updates to CCA implementation for PSE's customers.<sup>3</sup> While there are still some areas where additional Commission discussion and possible guidance may be useful, there is no need for extensive new rules at this time.

PSE offers the following comments on the Amended CR-101.

Electric and Natural Gas Planning (WAC 480-100-620 and 640 and WAC 480-90-238)

At this time, PSE does not recommend rules or specific guidance related to electric and natural gas planning. For electric utilities, CCA is a legal requirement separate and distinct from the Clean Energy Transformation Act ("CETA"). CCA was designed so that CETA would be the driving policy for electric utility emission reductions over time. Indeed, the process of allowance allocation provides no-cost allowances to electric utilities subject to a baseline emission forecast consistent with CETA emission reductions. The CCA clarified in explicit statutory language that language in sections of the CCA does not *affect the requirements of CETA*.<sup>4</sup>

Additionally, for electric utilities, neither integrated resource plans ("IRPs") nor clean energy implementation plans ("CEIPs") should be used as the primary source for the utility load and resource forecasts required by the CCA. While these forecasts must be consistent with the clean energy targets in the most recently approved CEIP, the CEIP is a planning document that is intended to identify - at a macro level - the resources the utility will need to meet the procurement standards in CETA, but does not contemplate the physical realities of how those resources operate in an operational timeframe in which balancing activities are taking place. Additionally, due to the long lead time for developing a utility plan such as the CEIP, the modeling inputs may be an outdated source for current load/resource forecasts for purposes of CCA no-cost allowance determinations. Instead, the CCA load/resource forecasts should be developed using the power cost model used to establish the Power Cost Adjustment ("PCA") variable baseline rate because the power cost models are more accurate for forecasting operational considerations and incorporate more up-to-date information.<sup>5</sup>

Similarly, PSE does not have any specific recommendations at this time related to the existing natural gas IRP rules in WAC 480-90-238.

---

<sup>1</sup> See Docket UE-220797

<sup>2</sup> See Docket UG- 230470

<sup>3</sup> See Dockets UG-230756, UG-230899, UG-230968

<sup>4</sup> Example, RCW 70A.65.120, "*Nothing in this section affects the requirements of chapter 19.405 RCW.*"

<sup>5</sup> For more details on PSE's forecast recommendations, please see:

- 1) Docket UE-220797. [Puget Sound Energy. Petition for Approval of PSE's Revised Four-Year Demand and Resource Supply Forecast](#). July 3, 2023.
- 2) Docket U-230161. [Puget Sound Energy Comments on September 7, 2023](#). Pages 3-4.

### Reporting (WAC 480-100-650)

There is no need for rule changes or additions to rules related to clean energy reporting and compliance rules in WAC 480-100-650, which cover CETA reporting and compliance. As discussed above, CCA is a legal requirement separate and distinct from CETA. Furthermore, separate “reporting” on CCA is not needed at this time. It will be more efficient for the Commission, interested parties and utilities to review CCA compliance, costs and revenues as a part of the Commission prudence review in tariffs or other rate filings where costs are recovered from customers.<sup>6</sup> Additionally, there are numerous other reporting requirements associated with greenhouse gas emissions that PSE is required to comply with including both RCW [19.405.070](#) and [RCW 70A.45.020](#).

### Purchase of Resources (WAC 480-107)

The Amended CR-101 explains that the Commission seeks to consider changes to WAC 480-107 given “how the CCA, impacts to forecasts, and no-cost allowances may impact the purchase of resources and resource planning for electric utilities.” PSE supports a Commission inquiry into the purchase of resources rules. Specifically, PSE encourages the Commission to explore whether the purchase of resources rules can be streamlined while maintaining key benefits and safeguards.

PSE is on an intense and ongoing journey to meet or exceed our obligations to achieve eighty percent clean or non-emitting energy by 2030, in addition to complying with the CCA at the lowest reasonable cost for customers. However, the existing purchase of resources rules add significant levels of regulatory complexity to this journey at time when utilities are faced with rapid change. Revisions in certain key areas of the purchase of resources rules will help utilities proceed more efficiently and avoid the need for standing or repetitive waiver requests of overly-rigid rules. Revisiting these rules will allow improvements that maintain utility accountability and transparency, while clarifying and streamlining current aspects of the rules that are adding complexity and uncertainty to utility acquisition processes for no meaningful gain. For PSE, effective and efficient acquisition will be key to the achievement of statutory objectives for CETA and for minimizing customer costs associated with CCA.

The Commission’s purchase of resources rulemaking, conducted over a compressed timeline amid challenging circumstances in 2020, resulted in an initial set of rules that has helped utilities and interested parties in the early stages of CETA implementation. As recognized by the parties to that rulemaking, however, the rules must be revisited and refined over time through an iterative process to incorporate learnings and reflect experience gained. With the CCA likely to

---

<sup>6</sup> For more details on PSE’s comments about prudence review for CCA, please see:

- 1) Docket U-230161. [Puget Sound Energy Comments on September 7, 2023](https://apiproxy.utc.wa.gov/cases/GetDocument?docID=83&year=2023&docketNumber=230161). Page 2.  
<<https://apiproxy.utc.wa.gov/cases/GetDocument?docID=83&year=2023&docketNumber=230161>>
- 2) Docket U-230161. [Puget Sound Energy Comments on November 3, 2023](https://apiproxy.utc.wa.gov/cases/GetDocument?docID=136&year=2023&docketNumber=230161). Pages 3-4.  
<<https://apiproxy.utc.wa.gov/cases/GetDocument?docID=136&year=2023&docketNumber=230161>>

be a contributing factor to utility resource procurement, PSE encourages the Commission to consider revisions to the purchase of resources rules.

### Other Areas for Commission Guidance

The following discussion identifies two issues that have been raised repeatedly in the context of PSE's natural gas CCA related tariff where guidance may be useful to ensure Commission expectations are implemented uniformly across different utilities – utility use of revenues from the consignment of no-cost allowances to auction and consideration of a risk-sharing mechanism.

First, the CCA statute provides the option for natural gas utilities to use revenues from the sale of consigned allowances at auction for the benefit of ratepayers [customers] in several different ways, including “at a minimum eliminating any additional cost burden to low-income customers from the implementation of the Climate Commitment Act.”<sup>7</sup> WAC 173-446-300(2)(iii)(A) further provides that:

*(A) Revenues from allowances consigned by natural gas utilities and sold at auction must be returned by providing nonvolumetric credits on ratepayer utility bills, prioritizing low-income customers, or used to minimize cost impacts on low-income, residential, and small business customers through actions that include, but are not limited to, weatherization, decarbonization, conservation and efficiency services, and bill assistance. Investor-owned utility compliance with this subsection will be determined by the utilities and transportation commission. Nothing in this subsection amends the utilities and transportation commission's jurisdiction over investor-owned utilities.*

Commission guidance on how to determine the appropriate use of revenues from the sale of consigned allowances would help navigate different customer and interested party positions on this issue and ensure that utilities have uniform and well-understood basis for compliance determinations.

Second, in its order issued on August 3, 2023, the Commission directed PSE to work with interested parties in this docket and with the Low-Income Advisory Committee to propose a risk-sharing mechanism in PSE's October filing.<sup>8</sup> Parties submitted comments including on the topic of a risk-sharing mechanism for CCA on September 7 and November 3, 2023, into this docket. Furthermore, the Commission-led workshop series in this docket discussed the topic of risk-sharing mechanisms on two separate occasions, with no real resolution.<sup>9</sup> PSE provided a proposed risk-sharing mechanism as a compliance filing on October 31, 2023, and as a part of its natural gas tariff filing on November 22, 2023.<sup>10</sup> However, as discussed in those filings as well

---

<sup>7</sup> See WAC 173-446-300(2)(iii).

<sup>8</sup> Order 01, Allowing Tariff Revisions to Become Effective Subject to Conditions, at ¶ 22 (Aug. 3, 2023).

<sup>9</sup> Docket UG-230161: CCA Workshop #3 (September 15, 2023) and CCA Workshop #4 (November 8, 2023).

<sup>10</sup> See Docket UG-230470 and Docket UG-230968.

as in PSE's comments in this docket,<sup>11</sup> PSE believes that a risk-sharing mechanism for CCA compliance costs may not be necessary and at a minimum it is premature at this time to establish a risk-sharing mechanism for the CCA. If the Commission decides that it is necessary to impose such a mechanism now or in the future, PSE recommends that more discussion in this docket is warranted, rather than pursuing this matter in a PSE specific docket.

In summary, PSE believes there is no need for rule changes or additions to rules related to electric and natural gas IRPs and electric CEIP and electric clean energy reporting and compliance (Electric WACs 480-100-620/640/650 and Natural Gas WAC 480-90-238). Given that efficient procurement practices will contribute to timely least cost compliance with the CCA, PSE encourages the Commission to consider revisions to the purchases of resources rules in WAC 480-107. PSE also recommends that the topics of natural gas utility no-cost allowance revenue and risk-sharing mechanisms, if there are to be any, be discussed further and that the Commission consider issuing guidance on these topics.

PSE further recommends that the Commission collaborate with interested parties and utilities to meaningfully engage in ongoing discussions and rulemaking at the Department of Ecology. In particular, Ecology's implementation of the adjustment mechanism for no-cost allowance determinations will be an important factor for mitigating costs to electric IOU customers. Discussions involving emerging regional markets and the CCA are likewise critical to ensure successful implementation of the CCA in a manner that supports the interests of electric IOU customers. And, finally, discussions concerning CCA linkage to other cap and trade jurisdictions will have significant impact on all IOUs and their customers.

Thank you for the opportunity to provide comments on the implementation of the CCA. For additional information about these comments, please contact Kelima Yakupova, State and Regional Policy Consultant, at [Kelima.Yakupova@pse.com](mailto:Kelima.Yakupova@pse.com) or me.

Sincerely,

*/s/ Wendy Gerlitz*

Wendy Gerlitz  
Manager, Regulatory Policy  
Puget Sound Energy  
PO Box 97034, BEL10W  
Bellevue, WA 98009-9734  
425-462-3051  
[Wendy.Gerlitz@pse.com](mailto:Wendy.Gerlitz@pse.com)

cc: Sheree Strom Carson, Perkins Coie

---

<sup>11</sup> For more details on PSE's comments about prudence review for CCA, please see:

- 1) Docket U-230161. [Puget Sound Energy Comments on September 7, 2023](https://apiproxy.utc.wa.gov/cases/GetDocument?docID=83&year=2023&docketNumber=230161). Pages 1-3.  
<<https://apiproxy.utc.wa.gov/cases/GetDocument?docID=83&year=2023&docketNumber=230161>>
- 2) Docket U-230161. [Puget Sound Energy Comments on November 3, 2023](https://apiproxy.utc.wa.gov/cases/GetDocument?docID=136&year=2023&docketNumber=230161). Pages 1-4.  
<<https://apiproxy.utc.wa.gov/cases/GetDocument?docID=136&year=2023&docketNumber=230161>>