

**EXH. TLF-12C  
DOCKET UG-230968  
WITNESS: TRICIA L. FISCHER**

**BEFORE THE  
WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION**

**WASHINGTON UTILITIES AND  
TRANSPORTATION COMMISSION,**

**Complainant,**

**v.**

**Docket UG-230968**

**PUGET SOUND ENERGY,**

**Respondent.**

**ELEVENTH EXHIBIT (CONFIDENTIAL) TO THE  
PREFILED DIRECT TESTIMONY OF**

**TRICIA L. FISCHER**

**ON BEHALF OF PUGET SOUND ENERGY**

**REDACTED  
VERSION**

**APRIL 25, 2024**

# Cap & Invest Program – APCR Auction #1 Strategy

*EMC Decisional*  
July 19, 2023



**Tricia Fischer**  
*Manager, Power Origination*

**Phil Haines**  
*Director, Energy Supply*

**Confidential**

## Confidentiality

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Pursuant to Chapter 173-446-317 WAC, an entity approved for auction participation shall not release any confidential information related to its auction participation including:

- Intent to participate or refrain from participating in an auction
- Auction approval status
- Intent to bid
- Bidding strategy
- Bid prices or bid quantity
- Information on the bid guarantee provided to the financial administrator

## Recommendation

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[REDACTED]

- [REDACTED]
- [REDACTED]

\*A total of 1,054,000 allowances being offered, split between Tier 1 and Tier 2 prices.

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## APCR auction #1 overview

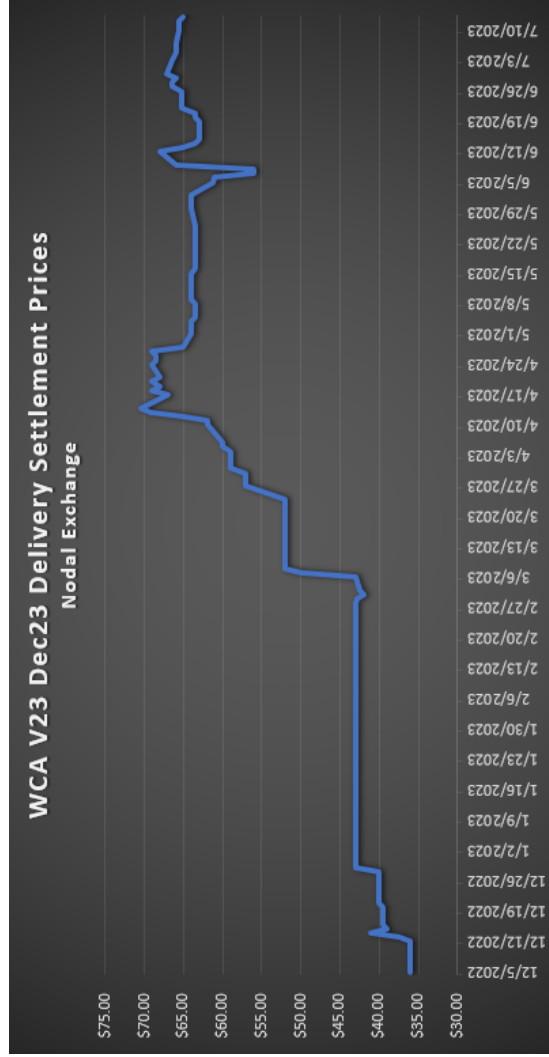
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- Ecology's May 31, 2023 current vintage auction settled at \$56.01, above the APCR Tier 1 price of \$51.90, triggering an APCR auction to be held August 9, 2023
- A total of 1,054,000 allowances are being offered:
  - 527,000 allowances at Tier 1 - \$51.90/WCA
  - 527,000 allowances at Tier 2 - \$66.68/WCA
- Only covered and opt-in entities can participate (market participants are not eligible to participate)
- Purchase limits do not apply to APCR auctions
- Holding limits apply
- APCR awarded allowances:
  - Can only be used for compliance - cannot be sold, consigned or traded
  - Have no vintage – can be used for compliance in any year
- If total bid volumes from all bidders exceed the number of allowances offered, awarded volumes will be prorated



## WCA vintage 2023 market remains high

- High WCA secondary market indicates Auction #3, on Aug. 30, likely to settle higher than APCR Tier 1 price of \$51.90 triggering another APCR auction
- November 8 is set for *potential* APCR auction



## Gas LDC carbon position

Gas Position	Units	2023 *	2024	2025	2026
F23 gas load forecast*	Dth				
Less: PSE large customer load	Dth				
Forecast used for position	Dth				
Est. carbon obligation **	mTCO2e				
Plus no-cost allowances	mTCO2e				
Preliminary carbon position	mTCO2e				
Less: allowances to be consigned	mTCO2e				
Plus: allowances purchased to date	mTCO2e				
<b>Cumulative EOY carbon position</b>	<b>mTCO2e</b>				

\*6 months of actuals & 6 months forecast

\*\* 5-year baseline updated 3/15/23 resulting in lower baseline and fewer no-cost allowances (see appendix for details)

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# Electric carbon position based on revised four-year Demand and Resource Supply Forecast

- True-up mechanism yet to be tested [REDACTED]
- Purchased allowances needed for market sales [REDACTED]
- [REDACTED]

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Power Position*	Units	2023	2024	2025	2026
A Coal	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
B Natural gas	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
C Est. carbon obligation	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
D Unspecified Power Purchases	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
E FJD Importer obligations	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
F Market sales obligations	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
G Plus no-cost allowances****	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
H <b>EOY position</b>	<b>mTCO2e</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

\*\* 6 months of actuals & 6 months forecast

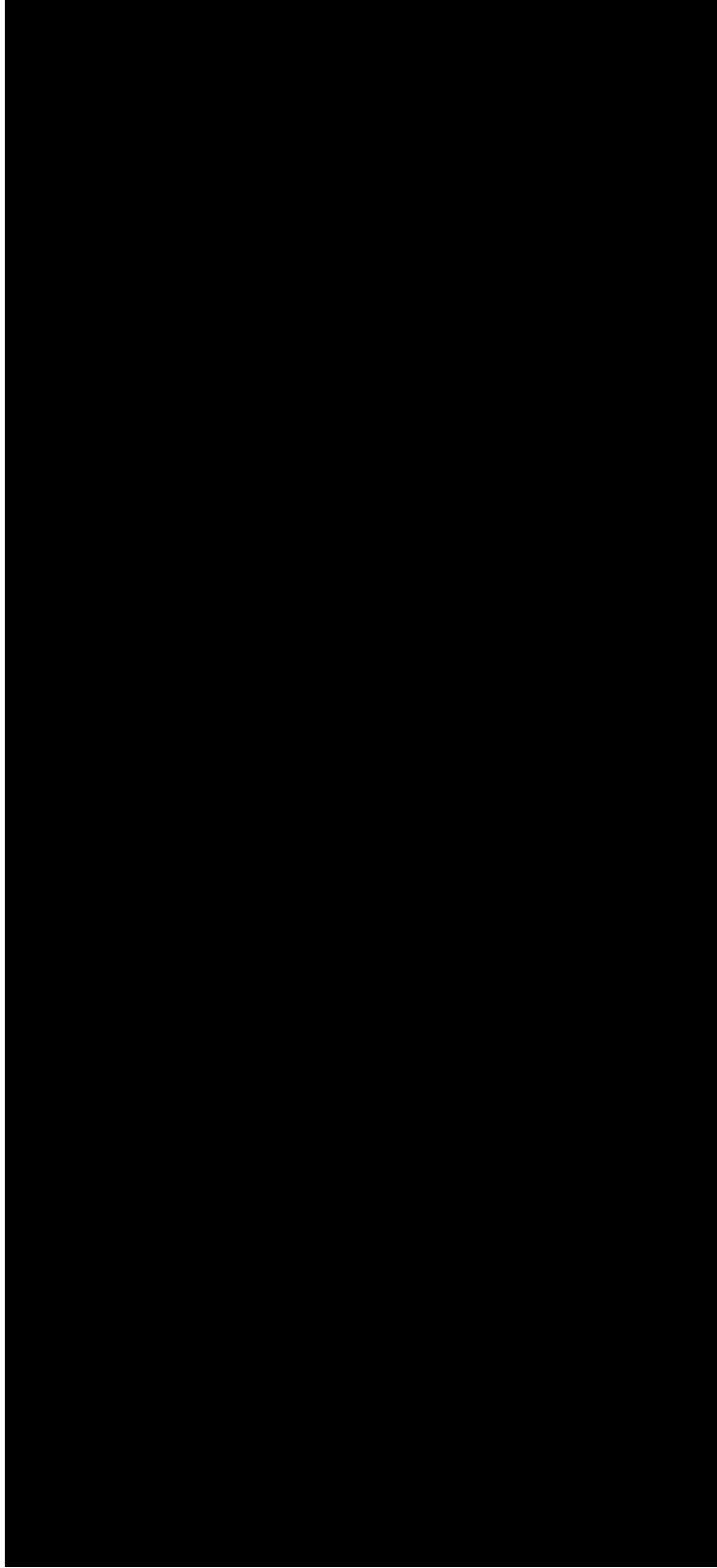
\*\*\* YTD actuals only

\*\*\*\* No-cost allowances allocated based on first Demand and Resource Supply Forecast; anticipate that allocation will increase based on revised forecast





Recommended



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## Recommendation

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[REDACTED]

- [REDACTED]
- [REDACTED]

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# Appendix

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## August 2023 DOE APCR Auction #1 Schedule

Activities	Due Date	Time (PT)
Auction Notice released	Jun 9, 2023	12:00p
Deadline for entities intending to participate in auction to submit entity information changes & disclosures	Jun 30, 2023	8:59p
Auction application window closes	Jul 10, 2023	8:59p
<b>Bid guarantees due to Financial Services Administrator (FSA)</b>	<b>Jul 28, 2023</b>	<b>No later than 3:00p</b>
Auction participants approved; PAR and AARs notified	Aug 4, 2023	No later than 3:00p
<b>Auction</b>	<b>Aug 9, 2023</b>	<b>Bidding window open 10:00a – 1:00p</b>
Auction Summary Results Report released; Results available to bidders	Aug 16, 2023	12:00p
Financial settlement in cash due to FSA	Aug 23, 2023	No later than 3:00p
Earliest date for bid guarantee expiration	Sep 5, 2023	
Transfer of allowances to CITSS accounts	Sep 6, 2023	
WA Auction Public Proceeds Report released	Sep 6, 2023	

