

**EXH. TLF-17C  
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.**

**SIXTEENTH 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 #2 Strategy



*EMC Decisional*  
October 3, 2023

*Tricia Fischer*  
*Manager, Power Origination*

*Phil Haines*  
*Director, Energy Supply*

**Confidential**

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VERSION**

# 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

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## Recommendation

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

\*A total of 5 million allowances being offered at Tier 1 price

[REDACTED]

[REDACTED]



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# Market information and APCR auction #2 overview

- APCR auction #1 saw intense bidding from 32 compliance entities, including EITEs: Tier 1 auction oversubscribed 13 times over and Tier 2 oversubscribed 3 times over; market prices rose from \$68 to \$70 on the news.
  - [REDACTED]
- DOE's Q3 2023 current vintage auction settled at \$63.03, above the APCR Tier 1 price of \$51.90, triggering an APCR auction to be held November 8, 2023
- DOE announced immediately after Q3 auction a different approach to the 2<sup>nd</sup> APCR auction
  - 5,000,000 allowances are being offered all at Tier 1 price of \$51.90/WCA
  - WCA market prices fell from ~\$67 to \$53/WCA on the news
- Only covered and opt-in entities can participate in APCR auctions (market participants are not eligible to participate)
- Purchase limits do not apply but holding limits do apply to APCR auctions
- APCR awarded allowances have no vintage and can only be used for compliance

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## Gas LDC carbon position

Gas Position	Units	2023 *	2024	2025	2026
F23 gas load forecast*	Dth				
Less: PSE large customer load	Dth				
Adjusted load forecast	Dth				
Estimated carbon obligation	mTCO2e				
Plus no-cost allowances	mTCO2e				
Less: allowances to be consigned	mTCO2e				
Plus: allowances purchased to date	mTCO2e				
<b>Cumulative EOY carbon position</b>	<b>mTCO2e</b>				
Percent of obligation met					

\*8 months of actuals & 4 months forecast

REDACTED  
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## Electric carbon position

- True-up mechanism yet to be tested [REDACTED]
- Not allowed to use no-cost allowances to back market sales [REDACTED]
- [REDACTED]

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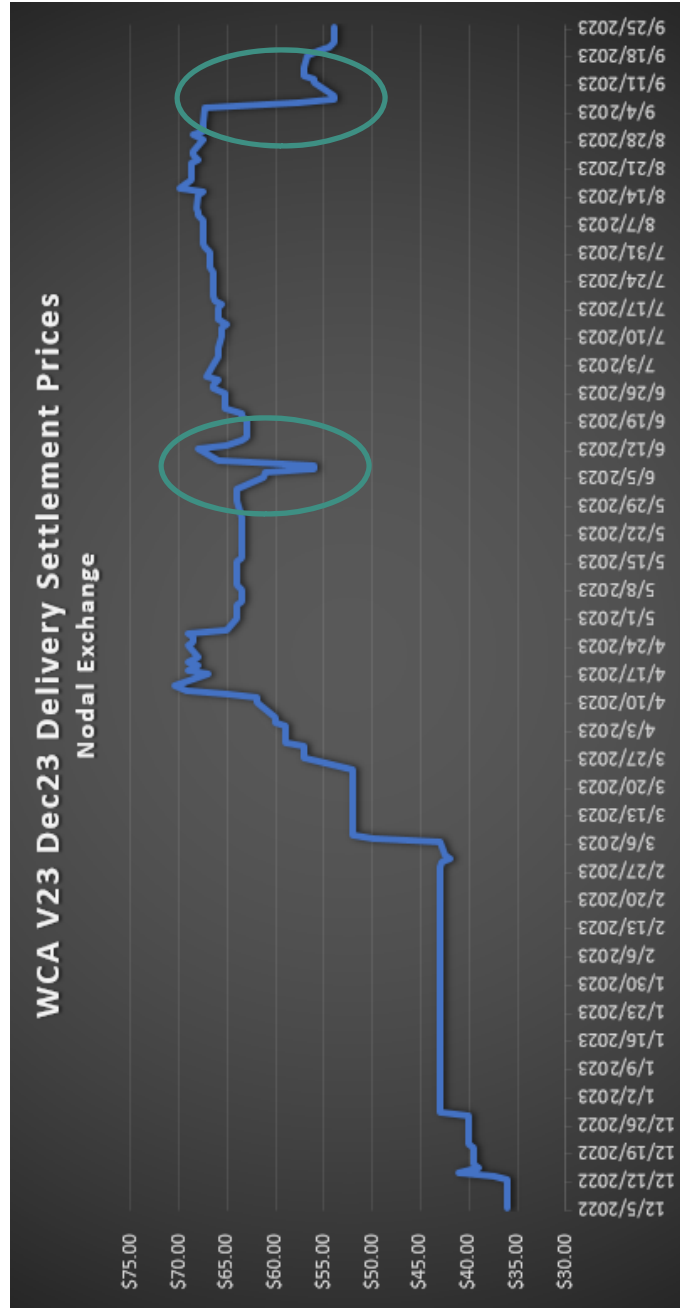
	Power Position	Units	2023	2024	2025	2026
a	Coal	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
b	Natural gas	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
c	Unspecified Power Purchases	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
d	Market sales obligations	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
e	Plus no-cost allowances***	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
f	Allowance purchases	mTCO2e	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
g	<b>Est. EOY carbon position</b>	<b>mTCO2e</b>	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

\* 8 months of actuals & 4 months forecast  
 \*\* YTD actuals only  
 \*\*\* Assumes full allocation based on WUTC approved revised supply demand forecast



WCA market responds to DOE's differing approaches to APCR auctions

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[REDACTED]

Recommended

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]



[REDACTED]

REDACTED  
VERSION

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

• WCA contracts require payment within ~3 days after receipt of allowances in CITSS account

\*WCAs are an ICE cleared commodity requiring margining; [REDACTED]

REDACTED  
VERSION



## Recommendation

[REDACTED]

- [REDACTED]
- [REDACTED]
- [REDACTED]

\*A total of 5 million allowances being offered at Tier 1 price

[REDACTED]

[REDACTED]



REDACTED  
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# Appendix

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## November 2023 DOE APCR Auction #2 Schedule

Activities	Due Date	Time (PT)
Auction Notice released	Sep 8, 2023	12:00p
Deadline for entities intending to participate in auction to submit entity information changes & disclosures	Sep 29, 2023	8:59p
Auction application window closes	Oct 9, 2023	8:59p
<b>Bid guarantees due to Financial Services Administrator (FSA)</b>	<b>Oct 27, 2023</b>	<b>No later than 3:00p</b>
Auction participants approved; PAR and AARs notified	Nov 3, 2023	No later than 3:00p
<b>Auction</b>	<b>Nov 8, 2023</b>	<b>Bidding window open 10:00a – 1:00p</b>
Auction Summary Results Report released; Results available to bidders	Nov 15, 2023	12:00p
Financial settlement in cash due to FSA	Nov 22, 2023	No later than 3:00p
Earliest date for bid guarantee expiration	Dec 5, 2023	
Transfer of allowances to CITSS accounts	Dec 6, 2023	
WA Auction Public Proceeds Report released	Dec 6, 2023	



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