



UG-230471

Bob Ferguson
ATTORNEY GENERAL OF WASHINGTON

Public Counsel

800 Fifth Ave • Suite 2000 • MS TB-14 • Seattle, WA 98104-3188 • (206) 464-7744

July 3, 2023

Received
Records Management
Jul 3, 2023

SENT VIA WEB PORTAL

Amanda Maxwell
Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

Re: *In the Matter of Puget Sound Energy Revision of Natural Gas Tariff Sheets WN U-2 – Advice No. 2023-24, Docket UG-230470*
In the Matter of the Petition of Puget Sound Energy For an Order Authorizing Puget Sound Energy's Accounting Treatment for the Cost Recovery and Pass Back of Natural Gas Costs and Proceeds Associated With the Climate Commitment Act in RCW 70A.65, Docket UG-230471

Dear Director Maxwell:

The Public Counsel Unit of the Washington State Attorney General's Office (Public Counsel) respectfully submits these comments regarding Puget Sound Energy's (PSE) application to establish a new tariff schedule (Docket UG-230470) and petition for an order to authorize (Docket UG-230471) recovery of natural gas allowance costs and proceeds associated with the Climate Commitment Act (CCA) in RCW 70A.65. Public Counsel shares concerns raised by Northwest Energy Coalition (NVEC) regarding customer exposure to greenhouse gas allowance market risk and the itemization of CCA costs on customer bills. We also share the concerns of The Energy Project (TEP) regarding inadequacy of PSE's current low-income enrollment numbers to effectively eliminate any additional cost burden to low-income customers as required by the CCA.¹ Public Counsel respectfully requests the Commission to reject PSE's tariff and direct the Company to refile the tariff after addressing these concerns.

¹ RCW 70A.65.130.

ATTORNEY GENERAL OF WASHINGTON

To: Amanda Maxwell, Executive Director and Secretary
Re: Dockets UG-230470 and UG-230471
July 3, 2023
Page 2 of 4

The Pass-Through Mechanism as Proposed Places All Market Risk Onto Customers

PSE proposes to end the accounting treatment of CCA allowance costs and revenues previously approved in Docket UG-220975² and that the Commission allow PSE to begin accounting for these costs through a pass-through tariff. The previously approved accounting treatment would allow PSE to defer the costs of purchasing allowances and revenues associated with the sales of no-cost allowances consigned at auction.³

PSE states in this filing that accounting for these costs based on forecasted amounts with a true-up mechanism will ensure the closest matching of customer usage to the related charge and help customers avoid having to pay for allowance costs from a different year that are unrelated to current usage.⁴ As such, PSE proposes to include the following:⁵

- Forecasted costs associated with purchasing allowances in order to comply with a given compliance year or partial compliance year in the case of 2023;⁶
- Forecasted proceeds associated with the sales of no cost allowances to be received in a given compliance year or partial compliance year in the case of 2023;
- Actual interest receivable and/or payable from the prior period;⁷ and
- A true-up for the prior rate period.

Public Counsel takes issue with the fact that such a mechanism, as proposed, places all risk associated with the allowance market onto customers. PSE will have no risk associated with allowance costs and therefore no incentive to reduce the amount of allowances necessary by taking other actions such as decarbonizing its system. In discussions with the NW Energy Coalition, it was noted that underlying PSE's proposal is the assumption that, regardless of the price of allowances, the Company will be able to purchase the allowances it needs to cover its emissions in perpetuity, and customers will pay 100 percent of the costs. This is not in the public interest, and contrary to the intent of the CCA.

The proposed treatment is similar to how utilities currently account for power costs, in which they establish a baseline forecast in a general rate case and then apply a cost sharing mechanism to account for deviations from that baseline. The cost sharing mechanism allows the Company to share risk of increased market costs with customers, and properly aligns incentives to keep costs low through hedging. A similar sort of mechanism could be established in the accounting of these costs and revenues to properly align incentives to decarbonize PSE's system.

² *In re: the Petition of Puget Sound Energy for Accounting Ord. Authorizing Deferred Acct. Treatment for Puget Sound Energy's Elec. and Gas Costs and Proceeds Associated with the Climate Commitment Act in RCW 70A.65*, Docket UG-220975, Order 01 (Feb. 28, 2023).

³ *Id.* at 13.

⁴ Petition for Accounting Order, ¶ 15, Docket UG-230471 (filed June 9, 2023).

⁵ *Id.* ¶ 18.

⁶ PSE includes forecasted amounts for August-December 2023.

⁷ Cover Letter, Advice No. 2023-24 at 3, Docket UG-230470 (filed June 9, 2023). PSE states it is proposing to collect or pass back actual interest accrued instead of a forecast in the interest of simplicity.

ATTORNEY GENERAL OF WASHINGTON

To: Amanda Maxwell, Executive Director and Secretary
Re: Dockets UG-230470 and UG-230471
July 3, 2023
Page 3 of 4

Itemization of CCA Charges and Credits on Customer Bills

Public Counsel is also concerned with PSE's proposal to itemize the State Carbon Reduction Charge and State Carbon Reduction Credit on customer bills. In general, program specific line items on customer bills should only be used when including the line item is specifically beneficial to customers. PSE does not provide a reason for itemizing in its filing. If all program-specific charges were included as line items, customer bills would quickly become incomprehensible. We believe the issue of whether to itemize these charges and credits on bills requires more discussion in upcoming workshops to ensure that the itemization would add to customer understanding and experience, rather than unnecessarily complicate utility bills.

Automatic Identification of Eligible Low-income Customers

The CCA requires natural gas utilities to use the revenues generated by the auction of no-cost allowances to "eliminat[e] any additional cost burden to low-income customers from the implementation" of the CCA.⁸ PSE's petition proposes to comply with this CCA requirement by eliminating the additional cap and invest costs on the bills of customers who are:

1. Currently taking service under an applicable Bill Discount Rate schedule; or
2. Receiving bill assistance under Schedule 129 – Low Income Program or has received bill assistance under Schedule 129 within the last 24 months.

However, in our discussions with TEP, they raised concerns that PSE's proposal would result in the majority of eligible low-income gas customers within its service territory not receiving bill credits. PSE has estimated that approximately 250,000 gas customers within its service territory qualify as low-income, but only about 10,000 customers would receive bill credits under its proposal. This would result in putting an additional CCA cost burden on 96 percent of low-income gas customers.⁹ It is Public Counsel's understanding that TEP intends to propose PSE automatically identify eligible low-income customers using third-party Experian data.

Public Counsel shares TEP's concerns regarding low enrollment of eligible customers but believes the issue requires significant discussion of the approaches to increase enrollment. Public Counsel is concerned with the accuracy of third-party purchased data. Public Counsel is also concerned with the privacy and equity concerns related to using data from credit rating companies for enrollment into ongoing utility programs without customer consent. Public Counsel requests the Commission to direct PSE to engage in targeted discussions with interested parties regarding options to significantly increase enrollment and include a plan with its refiled tariff.

⁸ RCW 70A.65.130(2)(a).

⁹ PSE presentation, Implementing Climate Commitment Act Meeting with Interested Parties #3 at 9 (Apr. 12, 2023) (included as Attachment A).

ATTORNEY GENERAL OF WASHINGTON

To: Amanda Maxwell, Executive Director and Secretary
Re: Dockets UG-230470 and UG-230471
July 3, 2023
Page 4 of 4

Conclusion

We recommend the Commission reject PSE's CCA cost recovery proposal and order PSE to refile a tariff that adequately addresses interested party concerns regarding placing all the risk from allowance market costs onto natural gas customers, itemization of CCA costs on customer bills, and identification of eligible low-income customers. If the Commission accepts PSE's tariff filing, we recommend the Commission accept PSE's proposal only on an interim basis for this year and require PSE to refile a revised tariff in time for a new rate effective date of Jan 1, 2024, that adequately addresses the outlined concerns.

Public Counsel appreciates the opportunity to provide input on utility supply and demand forecasts to comply with the Climate Commitment Act. If you have any questions or would like to discuss these comments, please contact Nina Suetake at (206) 389-2055 or Nina.Suetake@ATG.WA.GOV, or Aaron Tam at (206) 471-8296 or Aaron.Tam@ATG.WA.GOV, or Shay Bauman at (206) 379-4211 or Shay.Bauman@ATG.WA.GOV.

Sincerely,

/s/ 

NINA SUETAKE, WSBA No. 53574
Assistant Attorney General
Public Counsel Unit
(206) 389-2055
Nina.Suetake@ATG.WA.GOV

NMS/AT/SB

Docket UG-230470

Docket UG-234071

Comments of Public Counsel

Attachment A

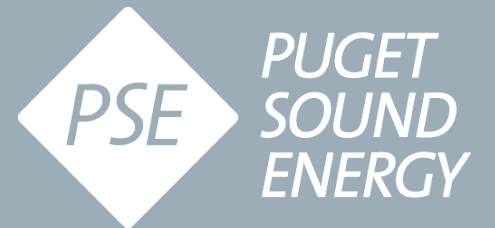
- This meeting will be recorded.
 - Please use the "Raise Your Hand" button.
 - Please feel free to use the "Chat" and the facilitator could read out loud your question/comment.
- **We will start recording now.**

◆ Washington's largest and oldest utility, serving 1.5 million customers in 10 counties.

Implementing Climate Commitment Act (CCA)

Meeting with Interested Parties #3

Wednesday, April 12, 2023 3 - 4:30 p.m.



Agenda

- **3:00 p.m. – 3:10 p.m.** Safety Moment and Introductions
- **3:10 p.m. – 3:30 p.m.** (20 mins) Eliminating CCA burden for Low-Income Customers
- **3:30 p.m. – 3:55 p.m.** (25 mins) Brainstorming on Potential CCA projects
- **3:55 p.m. – 4:20 p.m.** (25 mins) Potential Non-Volumetric Credits for 2023 CCA Gas
- **4:20 p.m. – 4:30 p.m.** Final Q&A and Next Steps
- **4:30 p.m.** Adjourned

Safety moment

Spring
HOME MAINTENANCE CHECKLIST

- Inspect your roof
- Check door and window screens
- Power wash your siding
- Fertilize the lawn
- Have your HVAC serviced
- Inspect concrete for cracks
- Test irrigation system
- Touch up paint + stain
- Clean out the gutters
- Deep clean indoors
-
-
-

Charleston Crafted



Climate Commitment Act (CCA)

Meeting with Interested Parties #3

Wednesday, April 12, 2023 3 - 4:30 p.m.

◆ Interested Parties:

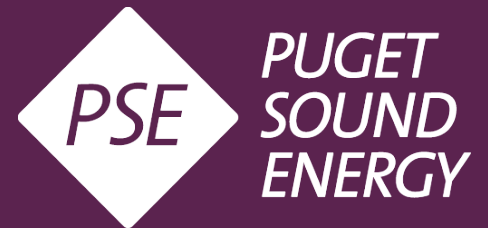
- ◆ Alliance of Western Energy Consumers (AWEC)
- ◆ Climate Solutions
- ◆ Equity Advisory Group (EAG)
- ◆ Front and Centered
- ◆ NW Energy Coalition (NVEC)
- ◆ Public Counsel
- ◆ Renewable Northwest
- ◆ The Energy Project (TEP)
- ◆ Washington Conservation Action
- ◆ Washington Utilities and Transportation Commission (WUTC) Staff

◆ Washington's largest and oldest utility, serving 1.5 million customers in 10 counties.

Climate Commitment Act (CCA)

Eliminating Any Additional Cost Burden to Low-income Customers from the Implementation of the CCA

Wendy Gerlitz, Manager of Regulatory Policy, Regulatory Affairs
Theresa Burch, Manager of Customer Solutions



2023 Cost/Revenue/Benefits flow for CCA for natural gas utilities

PSE Gas Utility 2023 Total CCA Obligation

2023 No-cost Allowances = 93% of 2015-2019 Baseline

PSE Must Consign to Auction in 2023
65% of No-Cost Allowances

No-cost Allowances
available for Compliance
35%

Market-
Purchased
Compliance
Obligation

→ CCA adder on customer bills

1. Eliminate
Any Additional
Cost Burden to
Low-Income
Customers
from the
Implementation
of the CCA

2. To be used for the benefit of customers:

Non-
volumetric
credits to
ratepayers

AND
/ OR

Other customer benefits, beyond current legal requirements, to minimize cost impacts on low-income, residential, and small business customers through actions, such as:

Weatherization

Decarbonization

Conservation
and efficiency
services

Bill assistance

Other

Eliminating Any Additional Cost Burden to Low-Income Customers from the Implementation of the CCA

Use of No-Cost Allowance Auction Revenue

Pursuant to RCW 70A.65.130(2)(a) / WAC 173-446-300(2)(b)(iii), natural gas utilities must use revenue from auction of no-cost allowances to first eliminate any additional cost burden to low-income customers from the implementation of the CCA.

To eliminate this low-income burden: PSE proposes to set **Low-Income CCA credit = CCA charge** => net zero impact

Estimated Gas Low-Income (LI) customers



There are about **250,000 PSE gas service customers** who are estimated to be income-qualified as of March 2023*

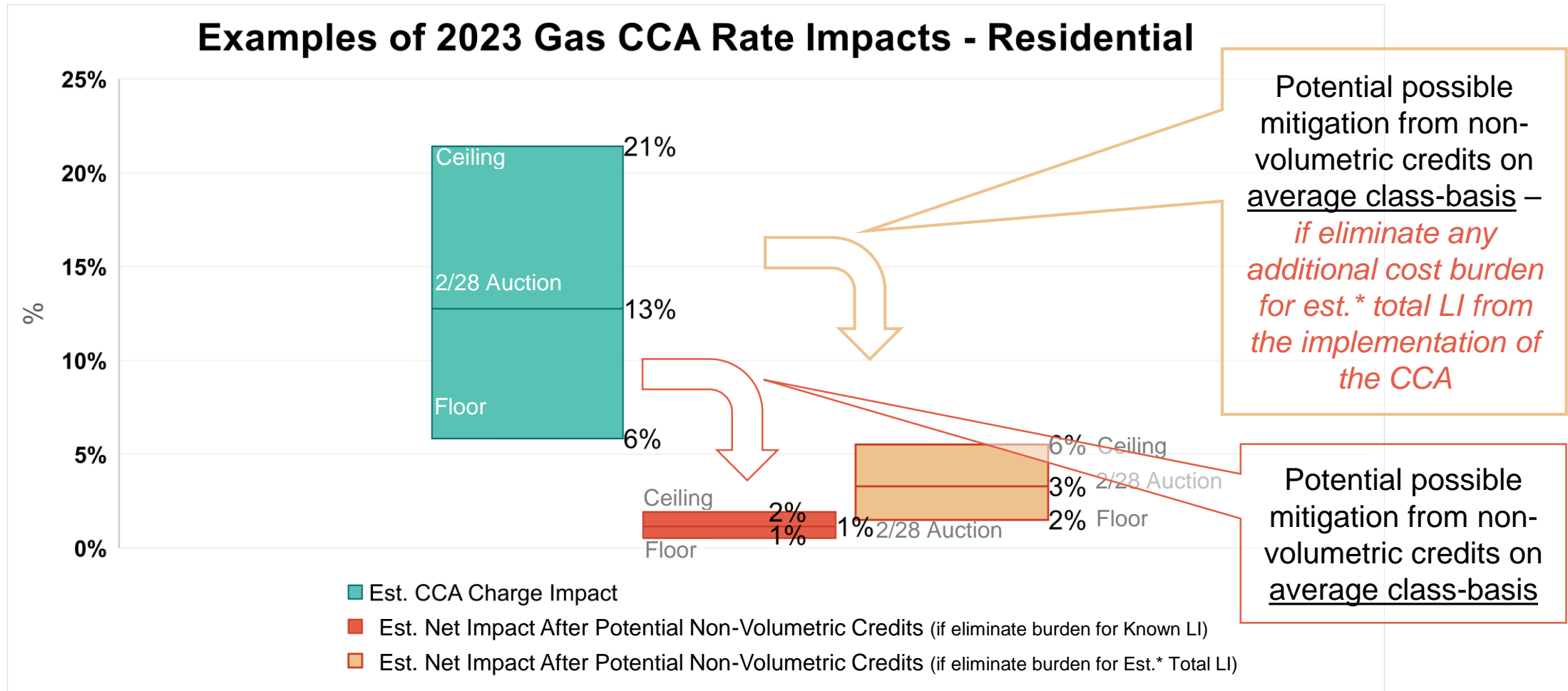
Income-Qualified	Number of Gas Customers**	Therms
Known LI	10,000	11,510,000
All Estimated LI*	250,000	185,790,000
Total Residential	820,000	606,650,000

*The total number of residential customers, along with the number of estimated low-income customers will change, as PSE customer counts change daily (i.e., customers moving in/out). The data was pulled for active customers as of March 2023.

**Customer income data is determined by a combination of both known incomes (obtained through energy assistance applications and/or PSE customer survey data) along with third-party income estimates for customers where PSE does not have a known income data source available.



Possible 2023 rate impacts – average for Gas Residential (Sch. 23) elimination of any additional cost burden applied to Known LI vs All Estimated LI customers



*The range of possible revenue requirements for 2023 includes multiple assumptions, including carbon prices, no-cost allowance allocation, compliance obligation estimates, low-income definition and associated customer estimate. Any one of these assumptions could change depending on the auction results, no-cost allowance allocation and 2023 natural gas sales. Customers expected to have their own CCA obligation were excluded.
 **Individual customer possible rate impacts would vary depending on usage and other customer-specific details.

Eliminating any additional cost burden from the implementation of the CCA for:

Known Low-Income (LI)

PROS:

- Consistent with CETA definition
- Verified low-income
- Encourage increased participation in energy-assistance programs

CONS:

- Small number of Known LI today

Estimated All Low-Income

PROS:

- Consistent with CETA definition
- Applies to many more customers

CONS:

- Unknown accuracy of estimated incomes, therefore potentially ineffective use of funds
- Unwelcome assistance sometimes
- May discourage increased participation in energy-assistance programs
- Less auction revenue remaining for projects or non-volumetric credits

Proposed Calculation of Low-Income (LI) Enrollment for CCA

◆ “**Known LI**”: customers who received PSE HELP and/or LIHEAP in past 24 months

There were **about 10,000 PSE gas service customers** who received either PSE HELP, LIHEAP, or both in 2021 and 2022 program years (10/1/2020-9/30/2022)

◆ Once Bill Discount Rate (BDR) launches on October 1, 2023, “Known LI” would be defined by PSE HELP, LIHEAP, and/or BDR

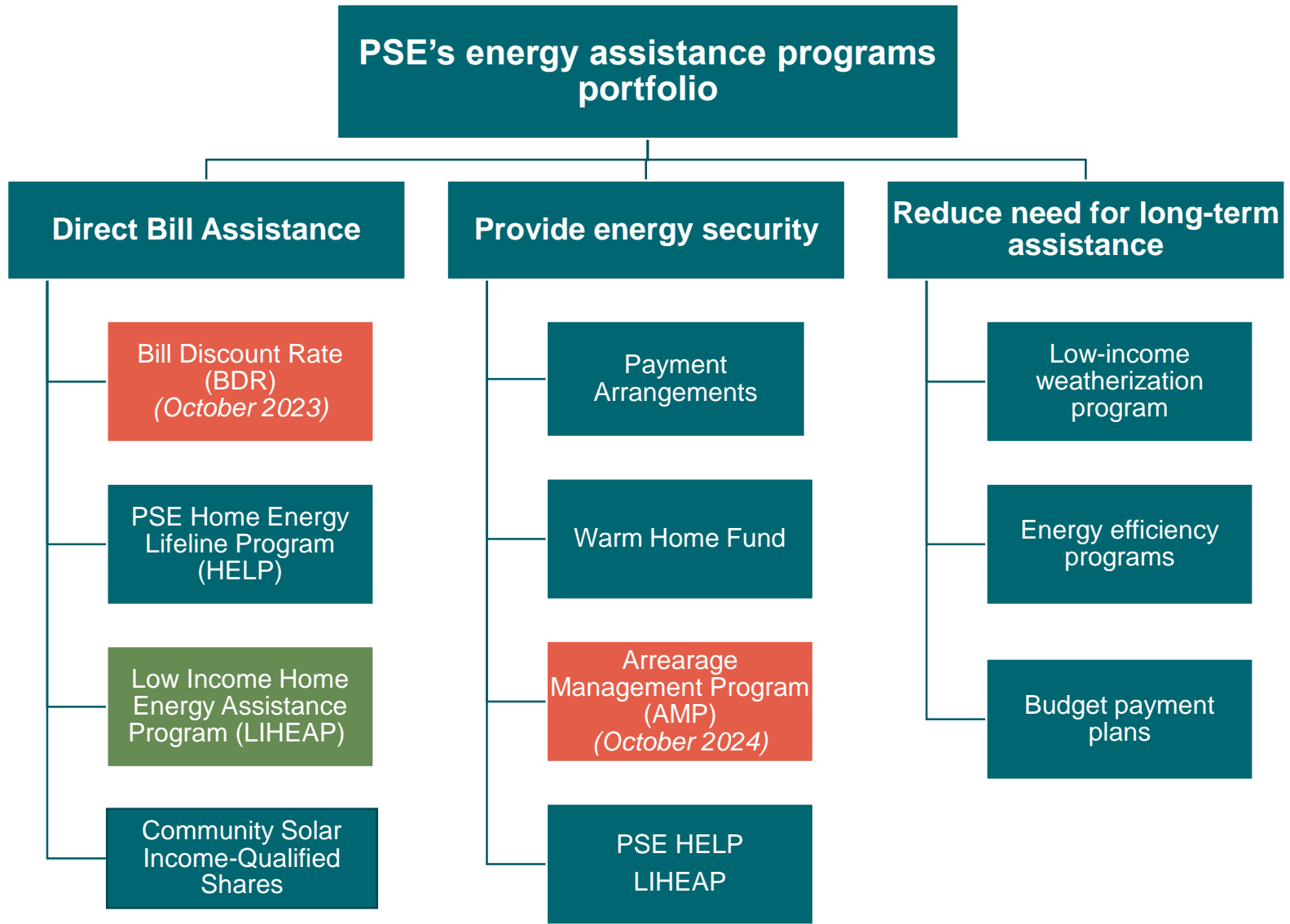
With introduction of BDR and planned HELP self-attestation changes, estimated programs’ participation growth rate assumed at 10%

PSE is prioritizing increasing enrollment of income-qualified customers in all energy assistance programs.

Comprehensive services for these customers will lead to best, most equitable outcomes.



PSE's energy assistance programs



Who is PSE trying to reach?

Primary Customer Segments

- Customers who income qualify for assistance programs; 200% FPL and below, 80% AMI
- Named Communities customers, determined as residing in Highly Impacted Communities (HIC) and designated as a high-level Vulnerable Population (VP)
- Multi-family property owners and managers in Named Communities and/or facilities with income-eligible customers

Secondary Customer Segments

- PSE customers who are 60+ days behind on payment of their energy bill, who do not income qualify
- All PSE customers throughout our service area
- Key civic and government stakeholders

How PSE is trying to reach them?

Integrated Program Awareness

- Utilizing selected programs from Customer Solutions, Energy Efficiency and New Product Development
- Bundled promotion of **Assistance Programs**:
 - PSE HELP; Federal LIHEAP; Warm Home Fund; and LI Weatherization
- Bundled promotion of **“Clean Efficiency” Programs**:
 - Efficiency Boost; Smart Thermostats; Community Solar; Multi-family Retrofit

Q2 Named Communities campaigns

- **Senior campaign:**
 - HIC and Med- & High-VP
 - Primarily using non-digital tactics due to levels for segment not having email or internet access
- **Chinese/Vietnamese effort:**
 - HIC and High-VP
 - Tactics: community outreach and in-language collateral
 - Programs: Assistance programs
 - Timing: May 2023 (timed with Asian/Pacific American Heritage Month)

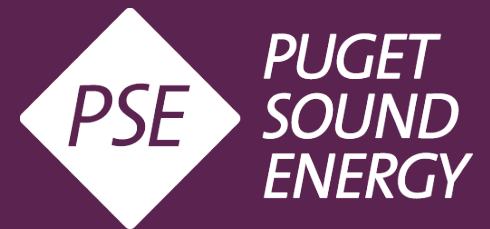
Elimination of Any Additional
Cost Burden to Low-Income
Customers from the
Implementation of the CCA

Thoughts?

Climate Commitment Act (CCA)

Brainstorming CCA Projects

Wendy Gerlitz, Manager of Regulatory Policy, Regulatory Affairs
Bala Dodoye-Alali, IT Project Manager, Strategic Project Management
Kelima Yakupova, State & Regional Policy Consultant, Regulatory Affairs



2023 Cost/Revenue/Benefits flow for CCA for natural gas utilities

PSE Gas Utility 2023 Total CCA Obligation

2023 No-cost Allowances = 93% of 2015-2019 Baseline

PSE Must Consign to Auction in 2023
65% of No-Cost Allowances

No-cost Allowances
available for Compliance
35%

Market-
Purchased
Compliance
Obligation

→ CCA adder on customer bills

1. Eliminate
Any Additional
Cost Burden to
Low-Income
Customers
from the
Implementation
of the CCA

2. Remaining no-cost allowance auction revenue
to be used for the benefit of customers:

Non-
volumetric
credits to
ratepayers

AND
/
OR

Other customer benefits, beyond current legal
requirements, to minimize cost impacts on low-income,
residential, and small business customers through actions,
such as:

Weatherization

Decarbonization

Conservation
and efficiency
services

Bill
assistance

Other

GREENHOUSE GAS EMISSIONS—CAP AND INVEST PROGRAM

RCW 70A.65.130

Allocation of allowances to natural gas utilities.

- ◆ (1) For the benefit of ratepayers, allowances must be allocated at no cost to covered entities that are natural gas utilities.
- ◆ (2)
 - ◇ (a) Beginning in 2023, 65 percent of the no cost allowances must be consigned to auction for the benefit of customers, including **at a minimum eliminating any additional cost burden to low-income customers** from the implementation of this chapter. Rules adopted under this subsection must increase the percentage of allowances consigned to auction by five percent each year until a total of 100 percent is reached.
 - ◇ (b) Revenues from allowances 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. The customer benefits provided from allowances consigned to auction under this section must be in addition to existing requirements in statute, rule, or other legal requirements.
 - ◇ (c) Except for low-income customers, the customer bill credits under this subsection are reserved exclusively for customers at locations connected to a natural gas utility's system on July 25, 2021. Bill credits may not be provided to customers of the gas utility at a location connected to the system after July 25, 2021.

◆ **Brainstorming session** on potential CCA projects using Mural

- ◇ What kind of **projects** would you like PSE to do using CCA auction revenues from no-cost allowances?
- ◇ What kind of **criteria** would you advise PSE to use in evaluating various projects?
- ◇ What kind of **framework** could PSE use to select which projects would be funded first and what amounts?

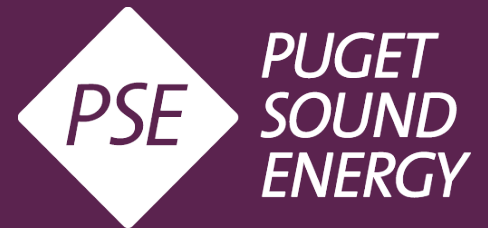
Other project related

Thoughts?

Climate Commitment Act (CCA)

2023 CCA Gas Potential Non-Volumetric Credits

Birud Jhaveri, Manager of Pricing and Cost of Service
Kelima Yakupova, State & Regional Policy Consultant, Regulatory Affairs
Wendy Gerlitz, Manager of Regulatory Policy, Regulatory Affairs



2023 Cost/Revenue/Benefits flow for CCA for natural gas utilities

PSE Gas Utility 2023 Total CCA Obligation

2023 No-cost Allowances = 93% of 2015-2019 Baseline

PSE Must Consign to Auction in 2023
65% of No-Cost Allowances

No-cost Allowances
available for Compliance
35%

Market-
Purchased
Compliance
Obligation

→ CCA adder on customer bills

1. Eliminate
Any Additional
Cost Burden to
Low-Income
Customers
from the
Implementation
of the CCA

Non-
volumetric
credits to
ratepayers

AND
/
OR

2. To be used for the benefit of customers:

Other customer benefits, beyond current legal requirements, to minimize cost impacts on low-income, residential, and small business customers through actions, such as:

Weatherization

Decarbonization

Conservation
and efficiency
services

Bill assistance

Other

Elements for calculating 2023 CCA Gas non- volumetric credits (NVCs)

- ◆ Calculate an annual per-customer, non-volumetric credit **for each rate schedule**
- ◆ **Rate design** considerations
- ◆ Options of **Timing of disbursements**
- ◆ **True-up** mechanism of estimates

Potential criteria for evaluating non-volumetric credit design options



Compliance with CCA law:

- Non-volumetric requirement
- Intent of the law (price signals for decreasing gas usage / emissions)



Equity and fairness:

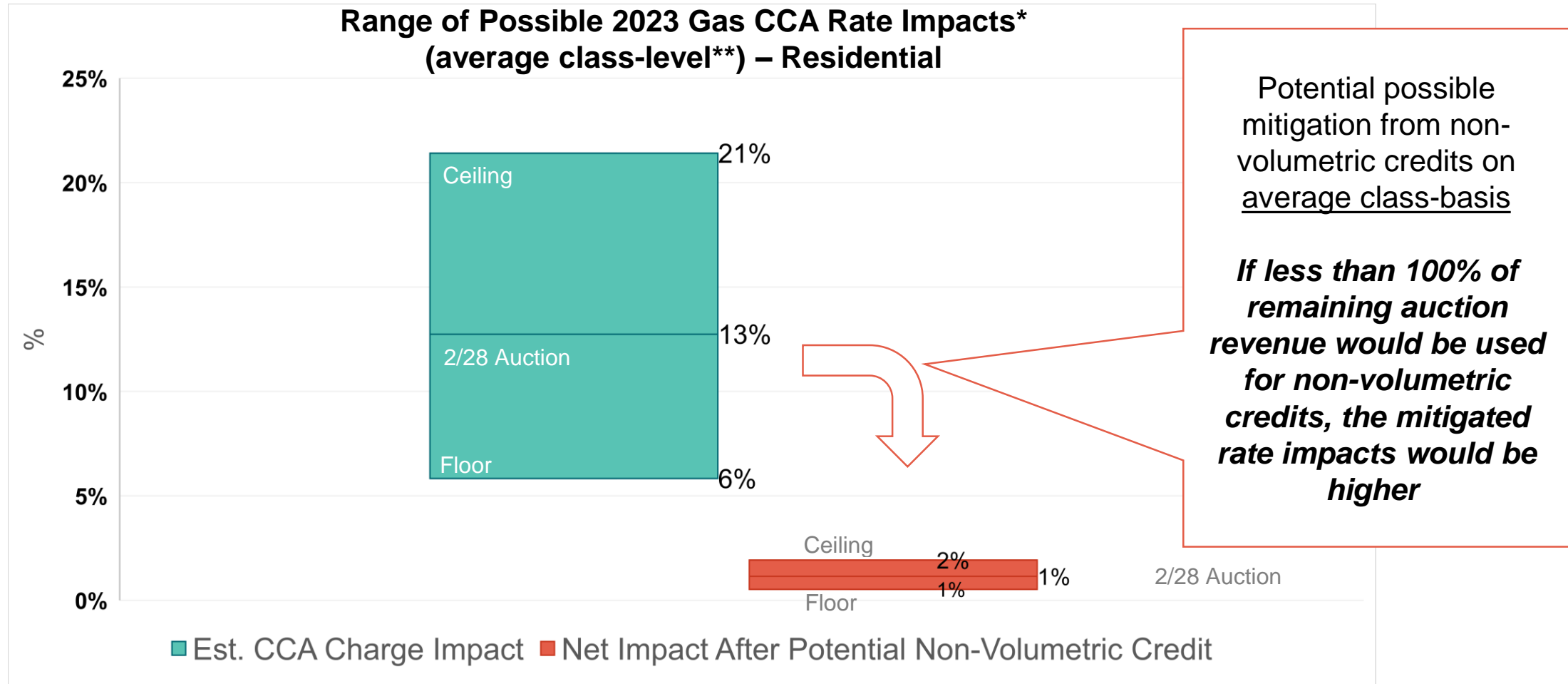
- Unknown income-qualified customers
- Treating customers equitably
 - Example: Variance of individual customer rate impacts, depending on different annual usage
- Effectiveness / frequency of rate impact mitigation
 - Seasonal variability of usage and of bill assistance need
 - Risks for customers to fall into dunning due to CCA charge



Simplicity:

- Simple for customers to understand
- Simple to calculate
- Simple for billing and IT teams to implement

Possible 2023 rate impacts – average for Gas Residential (Sch. 23) (after elimination of any additional cost burden to “Known LI” customers)



*The range of possible revenue requirements for 2023 includes multiple assumptions, including carbon prices, no-cost allowance allocation, compliance obligation estimates, low-income definition and associated customer estimate. Any one of these assumptions could change depending on the auction results, no-cost allowance allocation and 2023 natural gas sales. Customers expected to have their own CCA obligation were excluded.

**Individual customer possible rate impacts would vary depending on usage and other customer-specific details.

Demonstrates variability of individual (estimated*) rate impacts

Rate Sch.	Therms per month, on average USAGE ASSUMPTIONS				CCA Rate Impact Estimate, post-NCA USAGE ASSUMPTIONS			
	~Low Volume User	Avg.	~High Volume User	TYPICAL	~Low Volume User	Avg.	~High Volume User	TYPICAL
23,53	42 (25%ile)	59	167 (99%ile)	64	-3.3%	1.1%	9.44%	1.98%
31	122 (sample customer)	335	1,295 (sample customer)		-18.2%	1.0%	11.05%	
85	15,000 (~min to be on Sch. 85 is 12,500)	27,122	80,000 (~min to be on Sch. 87 is 83,333)		-14.5%	1.7%	16.86%	

*Revenue requirement scenario assumption: 2/28 auction price, required no-cost allowance consignment (65%). Known LI definition assumed, based on data estimates as of March 2023. Residential usage data from 2021 Energy Burden Study.

*Estimates use many simplification and data assumptions, including the range of possible revenue requirements for 2023 which are also based on multiple assumptions, including carbon prices, no-cost allowance allocation, compliance obligation estimates, low-income definition and associated customer estimate. Any one of these assumptions could change depending on the auction results, no-cost allowance allocation and 2023 natural gas sales. Also, customers expected to have their own CCA obligation were excluded.

Rate Design options of 2023 CCA Non-Volumetric Credits (NVCs)

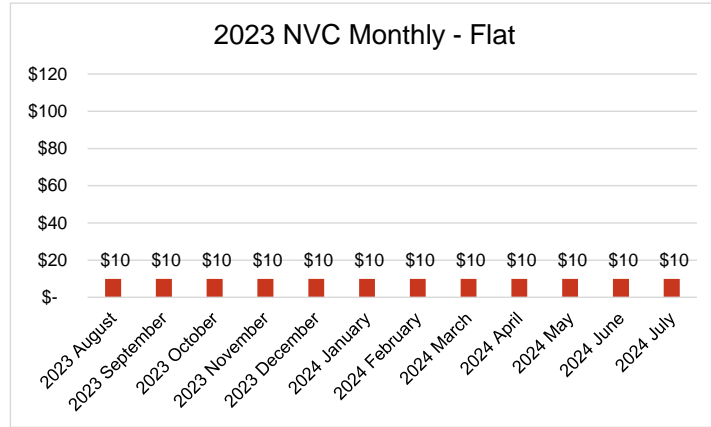
1. NVC Flat

2. NVC Seasonally Shaped

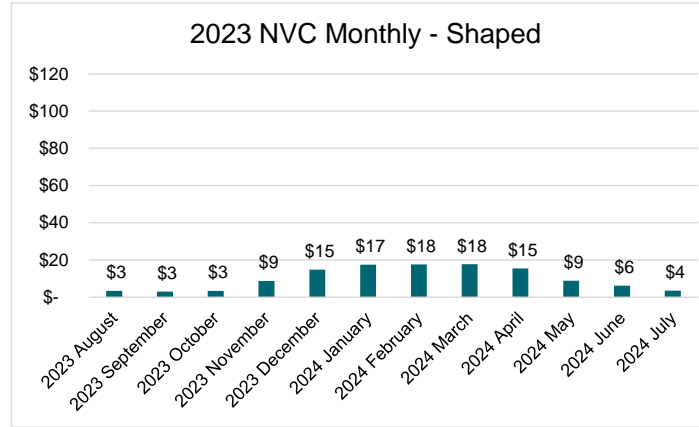
Disbursement options of 2023 CCA Non-Volumetric Credits (NVCs)

Illustrative \$120 annual residential NVC

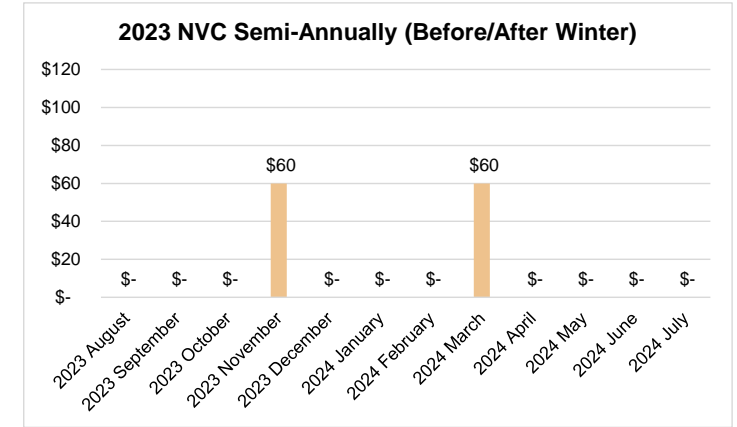
Monthly – Flat



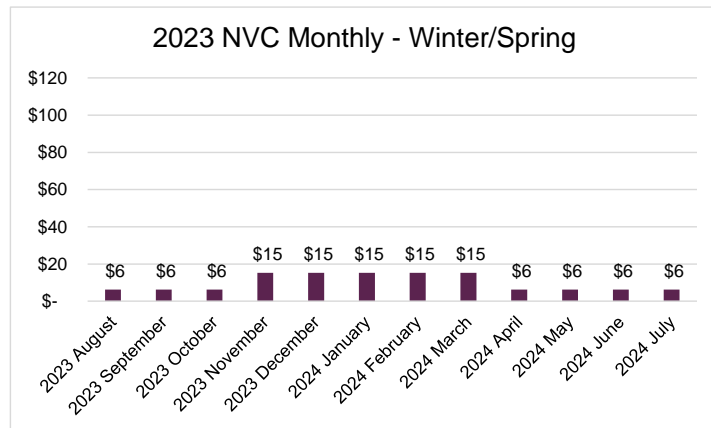
Monthly - Shaped



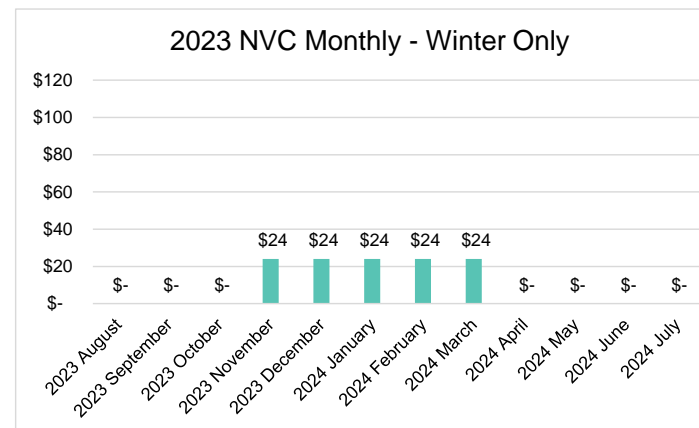
Semi-Annually



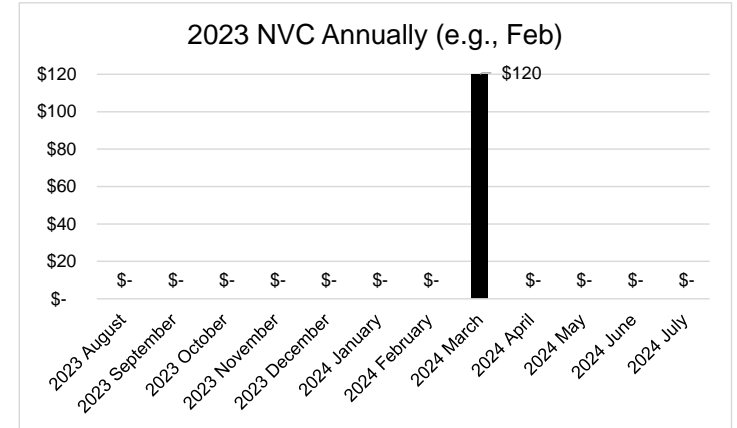
Monthly – Winter/Non-Winter



Monthly – Winter Only



Once per year



2023 Gas CCA Potential Non-Volumetric Credits

Thoughts?

Next steps

- **Please send any feedback/comments/questions to:**
 - Kelima Yakupova, Regulatory Policy Consultant: kelima.yakupova@pse.com
 - Wendy Gerlitz, Manager of Regulatory Policy: wendy.gerlitz@pse.com
- **Next meeting (targeting end of April / beginning of May 2023)** to continue to discuss natural gas utility CCA allowance revenue allocation

Draft High-level Timeline



CCA Project Topics

Questions?

Appendix

Desired outcomes and impacts of CCA outreach

- **Role of Interested Parties**

- Learn about CCA and implementation issues for utilities
- Provide input for PSE implementation issues and decisions
- Listen to other perspectives
- Help identify common ground and creative solutions for implementation pathways that respect all voices

CCA Confidentiality



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

- Intent to participate, or refrain from participating in an auction.
- Bidding strategy at any auctions, including the specification of an auction settlement price or range of potential auction settlement prices at which an entity is willing to buy or sell allowances.
- Bid price of bid quantity information at past or future auctions.
- Information on the amount of any bid guarantee provided to the Financial Services Administrator.

Glossary

Referred to as:

Climate Commitment Act (CCA) or Cap-and- Invest (C&I)

Term	Meaning
Allowance	An authorization to emit up to one metric ton of carbon dioxide equivalent. Allowances are created by Ecology and may be obtained through direct distribution, purchase at auction, or trading with others in the program. Allowances are a compliance instrument – covered entities must obtain allowances equal to their covered greenhouse gas (GHG) emissions.
Auction	The process of selling allowances by offering them up for bid, taking bids, and then distributing allowances to winning bidders. Quarterly auctions will be hosted by Ecology.
Cap	Program established limit on overall GHG pollution in the state that is steadily reduced over time. Cap is set and maintained by the distribution of a controlled volume of allowances.
Cost burden	Means the impact on rates or charges to customers of electric utilities in Washington state for the incremental cost of electricity service to serve load due to the compliance cost for the GHG emissions caused by the program.
CO₂e	Carbon dioxide equivalent.
Consignment	Re-investment of revenue from the sale of allowances for a specified set of purposes.
GHG	Greenhouse gas emissions.
Invest	Revenue generated by quarterly auctions will be invested by the state in critical climate projects throughout WA. Proceeds will be used to increase climate resiliency, fund alternative transportation grant programs, and help Washington transition to a low-carbon economy. The CCA requires that a minimum of 35% (with a goal of 40%) of auction-generated revenue be used for projects that provide a direct benefit to vulnerable populations within overburdened communities. In addition, 10% of auction funds must be used for projects with Tribal support.

Resources

- **PSE CCA Outreach Meetings with Interested Parties:**
 - **Meeting #1 (February 21, 2023):** <https://www.youtube.com/watch?v=mkslwWQvWvI>
 - **Meeting #2 (March 17, 2023):** <https://www.youtube.com/watch?v=3GSIjQQks8g>
- **Climate Commitment Act RCW 70A.65:** <https://app.leg.wa.gov/rcw/default.aspx?cite=70A.65>
- **Reporting on Emissions of GHG RCW 70A.45.020:** <https://apps.leg.wa.gov/rcw/default.aspx?cite=70A.45.020>
- **Ecology:**
 - **Understanding Washington's CCA video:** <https://www.youtube.com/watch?v=oUIEASHrnt0&t=6s>
 - **Ecology CCA webpage:** <https://ecology.wa.gov/Air-Climate/Climate-Commitment-Act>
 - **Ecology website on GHG reporting WAC 173-441:** <https://ecology.wa.gov/Air-Climate/Reducing-Emissions/Tracking-greenhouse-gases>
 - **Ecology CCA Program Rules WAC-173-446:** <https://ecology.wa.gov/Regulations-Permits/Laws-rules-rulemaking/Rulemaking/WAC-173-446>
 - **Ecology presentations to Interested Parties during CCA rulemaking process:**
 - November 8, 2021: <https://ecology.wa.gov/DOE/files/0d/0d2f474e-4b0e-40bb-854b-b0dc7ecb3f6f.pdf>
 - December 16, 2021: <https://ecology.wa.gov/DOE/files/5b/5bdc1ffb-01dc-49de-b0cf-e5758aa5c1f6.pdf>
 - January 11, 2022: <https://ecology.wa.gov/DOE/files/f9/f9d224f5-7c9d-42d6-9f30-a48e0c06411e.pdf>
 - **Ecology public hearing meetings:**
 - June 21, 22, 27, 28, 2022 public hearings: <https://ecology.wa.gov/DOE/files/d6/d62a4c00-bc9a-4dc2-96b8-9f0e1cc38e7a.pdf>
 - Video recording: <https://www.youtube.com/watch?v=iTegPGVUmHw&t=44s>