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Amanda Maxwell
Executive Director
Washington Utilities and Transportation Commission
621 Woodland Sq. Loop SE
P.O. Box 47250
Lacey, Washington 98503

Re: The Energy Project's Comments on Climate Commitment Act Work Plan; Docket U-230161

Dear Ms. Maxwell:

The Energy Project (TEP) respectfully submits these comments in response to the questions in the Commission's April 10, 2023 Notice of Opportunity to File Written Comments (Notice). TEP represents low-income utility customers and vulnerable populations in Washington. TEP frequently participates in administrative proceedings when energy affordability, equitable utility service, energy efficiency, and low-income customer benefits are at issue.

I. Do you have any thoughts, concerns, or suggestions on the proposed work plan?

TEP appreciates the Commission's commitment to working with stakeholders to arrive at a holistic understanding of any potential impacts of the Climate Commitment Act (CCA) on utilities' cost of service and ratepayers' bills. However, TEP is concerned with the Commission's current proposed timeline, which is unlikely to result in a final, approved action plan until well into 2024. It is imperative that the Commission provide guidance to utilities *before* they accrue significant CCA-implementation costs and seek to recover those costs in rates. Utilities have already begun accruing CCA-related costs and are likely to seek recovery of those costs soon. For example, Puget Sound Energy has indicated in stakeholder workshops that it intends to file a tariff to recover CCA-related costs in August 2023, months before the Commission completes its proposed action plan.

Therefore, TEP suggests the Commission move its proposed timeline up so that the Commission provides utilities guidance before they request to recover CCA-related costs in rates.

II. What are the most important issues for the Commission to address during this proceeding?

TEP appreciates the holistic approach the Commission, in tandem with the Department of Ecology, is taking to address each of the topic areas of the CCA. TEP believes the most important issues for the Commission to address relate to utilities' statutory obligation to use revenues obtained from the consignment of no-cost allowances to benefit ratepayers, prioritizing low-income customers. The CCA requires that gas and electric utilities be given a specified number of no-cost allowances each year.¹ Gas utilities are required to consign to auction an increasing percentage of their no-cost allowances each year.² Electric utilities may, but are not required to, sell their no-cost allowances.³ The CCA directs the utilities to use the revenue generated from the auctions for the benefit of ratepayers, first mitigating any CCA-related bill impacts on low-income customers, and then providing other forms of ratepayer benefits such as non-volumetric credits and weatherization programs.⁴

TEP suggests the Commission issue guidance to direct utilities' implementation of these CCA provisions. Specifically, guidance can fill gaps concerning (1) how to interpret the differing statutory language governing electric and gas utilities; (2) how to accurately and effectively identify low-income customers within a utility's service territory; and (3) how utilities should use revenues obtained from the sale of no-cost allowances once their obligation to eliminate low-income customers' burden is satisfied.

The Commission should provide clarity on how to interpret the differing statutory language governing how electric and gas utilities use auction revenues. The CCA explicitly requires gas utilities to use auction revenues to "eliminat[e] any additional cost burden to low-income customers" resulting from CCA implementation, whereas electric utilities are simply directed to first prioritize "the mitigation of any rate impacts to low-income customers."⁵ The Commission should clarify what, if any, distinction exists between the obligations of gas and electric utilities with regard to mitigating rate impacts

¹ RCW §§ 70A.65.120(2), 70A.65.130(1).

² RCW § 70A.65.130(2).

³ RCW § 70A.65.130(3)(a).

⁴ RCW §§ 70A.65.120(4), 70A.65.130(2).

⁵ 70 RCW §§ 70A.65.120(4), 70A.65.130(2)(a).

to low-income customers, or whether both types of utilities are subject to a similar obligation to first use auctions revenues to offset low-income customers' CCA-related costs.

The Commission should also provide guidance on how utilities can accurately and efficiently identify "low-income" customers within their respective service territories. Utilities generally do not have access to income data for each of the households within their service territories, making it difficult to determine which households should receive bill credits. To aid utilities in identifying low-income customers, the Commission provide utilities guidance concerning the methods and procedures utilities can employ to accurately identify eligible customers within their service territories. Without such guidance, utilities may fail to comply with the CCA's mandate to eliminate CCA-related costs for *all* low-income customers

The Commission should also provide guidance on utilities' use of auction revenue once their obligation to mitigate impacts to low-income customers is satisfied. The CCA directs gas utilities to use any auction revenues that remain after eliminating impacts to low-income customers "by providing nonvolumetric credits on ratepayer 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."⁶ The CCA is silent on specifically how electric utilities must use the revenue remaining after mitigating CCA impacts for low-income customers, simply providing that the revenue must be used "for the benefit of ratepayers."⁷ The Commission should provide guidance on the types of projects and programs that will equitably provide ratepayer and decarbonization benefits in the most efficient manner.

III. Do you have any other comments you would like to offer on the implications of the CCA for IOUs and ratepayers?

TEP is concerned that, if implemented without the proper consideration for ratepayers—particularly low-income customers—the CCA will significantly raise bills, thereby undercutting the economic and social justice emphasis undergirding the CCA and the State's decarbonization efforts more generally. The Commission should act quickly to ensure the implementation of the CCA does not adversely impact low-income customers

⁶ RCW § 70A.65.130(2)(b).

⁷ RCW § 70A.65.120(4).

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in the short and/or long term. This Work Plan, along with the Commission's workshop series, are steps in the right direction.

TEP thanks the Commission for the opportunity to provide these comments and will make a representative available for any questions you may have at the next workshop.

Very truly yours,

/s/ Yochanan Zakai

Oregon State Bar No. 130369

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