

UG-230470

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Attn: Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
P.O. Box 47250
Lacey, WA 98503

RE: Initial Comments of the Alliance of Western Energy Consumers in Docket UG-230470

Dear Director Maxwell,

The Alliance of Western Energy Consumers (“AWEC”) appreciates the opportunity to submit its initial comments in Puget Sound Energy’s (“PSE” or “Company”) application to establish a new tariff schedule to recover allowance costs under the Climate Commitment Act (“CCA”), docketed as UG-230470, in accordance with the Washington Transportation and Utilities Commission’s (“WUTC” or “Commission”) June 23, 2023 Notice of Opportunity to File Written Comments.

As an initial matter, AWEC notes its support for extending the deadline for comments in this proceeding as requested by the Northwest Energy Coalition on June 28, 2023,¹ and as supported by Public Counsel.² As each of these stakeholders note, the July 3rd deadline to comment is six business days after the Commission issued its Notice of Opportunity to Comment on June 23rd, and is approximately three weeks after PSE’s initial filing. Unfortunately, the short timeline to both review the filing and submit and receive discovery responses does not allow for stakeholders to identify all issues or develop final positions in time for the July 3rd comment deadline.

AWEC both engaged with PSE and other stakeholders during the informal development phase that preceded PSE’s filing and submitted timely discovery to PSE on June 14, 2023. As of the filing of this letter, AWEC has not received responses to its discovery requests and after discussions with PSE, does not anticipate responses until the end of this week. At this time,

¹ Northwest Energy Coalition’s Request to Extend the Deadline for Written Comments, filed on June 28, 2023.

² Public Counsel’s Notification of Support for NWECC’s Request to Extend the Deadline for Written Comments, filed on June 28, 2023.

AWEC is concerned that PSE’s proposed rate design may be inequitable and could be improved. However, due to the delayed responses to AWEC’s data requests, AWEC is unable to fully analyze PSE’s responses and have further discussions with PSE and other stakeholders on its issues in this proceeding. AWEC also understands other parties have issues and proposals that warrant additional discussion, such as NWECC’s proposal for a sharing mechanism. Accordingly, AWEC’s initial comments are both limited, preliminary and do not contain a final position on whether PSE’s filing should be approved, rejected or suspended.

CCA Implementation

PSE argues that commencing the recovery and pass back of ongoing CCA costs and credits at this time is necessary in order to avoid even greater rate impacts in the future (by avoiding “pancaking” anticipated net costs from prior periods with net costs in current periods) and to ensure that the matching principle is preserved. At present, the Commission is engaged in its Commission-led workshop series on the CCA, docketed as U-230161. As part of that process, the Commission intends to convene its second workshop on July 26, 2023, which is anticipated to address no-cost allowances, how to define “low-income” and cost recovery mechanisms for CCA-related costs. The discussion and guidance that may come out of this process could inform changes to PSE’s proposed CCA tariff. As such, if the Commission is inclined to approve PSE’s proposed tariff sheets, the Commission should confirm such approval is non-precedential and PSE’s tariff terms are subject to change.

Emissions-Intensive Trade-Exposed Entities

Many of AWEC’s members have facilities that are designated as Emissions-Intensive Trade-Exposed (“EITEs”), which face their own compliance obligations related to natural gas under the CCA and thus are not allocated costs or CCA credits under PSE’s proposed tariff. Appropriately, PSE seeks to ensure that EITEs are not double-charged for CCA compliance costs or double-benefited from CCA credits from PSE in addition to the no-cost allowances allocated to them by Ecology through the process set forth in its Special Terms and Conditions. However, additional clarity in the tariff language is needed on the specific evidence necessary and mechanism for providing such evidence in order for PSE to timely confirm whether a customer is registered as a Covered Entity, Opt-in Entity, National Security Entity or EITE that is also either a Covered Entity or an Opt-In Entity.

Additionally, AWEC is continuing to review the timing requirements for providing such information (proposed to be 90 days) in consideration of other CCA regulations and plans to address any concerns in subsequent comments.

State Carbon Reduction Costs and Credits

As noted above, AWEC is concerned that PSE’s proposed rate design may be inequitable and could be improved. PSE’s tariff includes a proposal for providing credits to eligible customers based upon the benefits from allowances consigned to auction. Per RCW 70A.65.130(2)(b), revenues from allowances sold at auction must be returned to customers by

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providing nonvolumetric rate credits, prioritizing low-income customers. During informal discussions preceding this filing, AWEC discussed several potential ways to pass back auction revenues to industrial customer classes, but was unable to fully investigate this issue due to PSE’s concerns about sharing certain data prior to a tariff filing. PSE encouraged AWEC to submit data requests in response to a tariff, which as noted above, were served on PSE on June 14, 2028. Because responses to those requests have not been provided to date, despite the June 28th response date, AWEC has been unable to fully investigate cost and credit methodologies that may be more appropriate. AWEC anticipates receiving responses to most of its data requests by the end of the week.

At this time, AWEC makes no recommendation for Commission action. AWEC plans to engage in additional discussions and submit follow-up comments once it has access to the data necessary to fully evaluate PSE’s filing, and after a thorough review of other stakeholder comments. AWEC looks forward to further engagement in this proceeding.

Sincerely yours,

Sommer J. Moser

Sommer J. Moser

Davison Van Cleve, P.C.

Of Attorneys for the Alliance of Western Energy
Consumers