



Department of Energy

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Washington Utilities and Transportation Commission
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COMMISSION

Re: Docket UE-191023, Comments of the Bonneville Power Administration related to the UTC's second discussion draft rules for the Clean Energy Implementation Plan (CEIP) rulemaking

The Bonneville Power Administration (BPA) appreciates the opportunity to provide comments on the Washington Utilities and Transportation Commission's (UTC) second discussion draft rules pertaining to the CEIP rulemaking. BPA markets power from 31 federal hydroelectric projects, one nuclear plant, and some other small nonfederal power plants and owns about 75 percent of the region's high voltage transmission. BPA is statutorily-required to serve over 130 preference customers in the region, 63 of which are consumer-owned utilities in Washington, and sells power to privately owned utilities as well. Additionally, the Residential Exchange Program, enacted under the Pacific Northwest Electric Power Planning and Conservation Act, provides residential and small farm customers of investor-owned utilities in the region a form of access to low-cost Federal power. BPA understands this rulemaking may have implications for CETA compliance for BPA's preference customers and investor-owned utilities that may purchase power from BPA in Washington. BPA is providing comments on the proposed WAC 480-100-650.

First, BPA must reemphasize its June 2nd comment urging the UTC to adopt an approach for WAC 480-100-650 (3)(k) and (3)(f) that does not involve creating and retiring hydro RECs to meet interim targets prior to 2030. BPA made similar comments to the Washington Department of Commerce (Commerce) regarding the infeasibility of retiring hydro RECs prior to 2030, and Commerce responded to BPA's concerns by modifying its proposed language, see Commerce's proposed language for WAC 194-40-400 (2)(b). BPA asks the UTC to act consistently with Commerce by modifying WAC 480-100-650 (3)(k) and/or (3)(f). As a federal agency, BPA is not subject to CETA. Although certain BPA customers are subject to CETA, there are limits to the degree to which BPA can assist its customers in facilitating their CETA compliance. BPA

recognizes that CETA requires Washington utilities to retire hydropower RECs when the 2030 standard becomes effective. However, CETA does not mandate—or even contemplate—the retirement of hydropower RECs *before* that time.

During the development of E2SSB 5116, BPA was clear that its RECs (wind or incremental hydropower due to equipment efficiency improvements) have already been contractually obligated through 2028. Any RECs that BPA produces before 2029 are either bundled with power in BPA’s power sales contracts with preference customers or are obligated to the region’s investor-owned utilities according to the Residential Exchange Settlement. These complex, negotiated agreements with over 130 northwest utilities were entered into before BPA, its customers, or state policymakers anticipated the creation of hydropower RECs. Neither BPA nor its customers anticipated renegotiating REC assignments described in complex contracts and a settlement agreement in order to produce millions of RECs annually, prior to 2030. BPA, its customers and investor-owned utilities will need to negotiate new contractual arrangements for hydropower RECs after the current, twenty-year power sales contracts and Residential Exchange Settlement expire in 2028.

Accordingly, BPA proposes an alternative to the draft language in 480-100-650 (3)(k) and/or 480-100-650 (3)(f). BPA requests the UTC create an option that permits a utility to demonstrate progress, prior to 2030, towards achieving RCW 19.405.040 by relying on the utility’s fuel mix report that uses BPA fuel mix data provided to Commerce. Prior to 2030, BPA will not register the entire Federal hydropower system with WREGIS nor create RECs for those megawatt-hours. Therefore, because no such RECs will be created or sold separately prior to 2030 (except for RECs for federal incremental hydro due to equipment efficiency upgrades as identified in the original statute), BPA’s customers in Washington – private or consumer-owned utilities – should be able to rely on the BPA fuel mix data to document the megawatt-hours of hydropower the utility is using to serve its retail loads during the interim compliance periods.

Proposed new language for WAC 480-100-650 (3)(f)(i) or (k)(i):

“Prior to 2030, a utility can also demonstrate progress towards achieving RCW 19.405.040, relying on hydropower megawatt-hours reported in its fuel mix, when these hydropower megawatt-hours have not been reported to any REC tracking site, such as WREGIS, and no RECs have been created or sold separately for these megawatt-hours.”

Second, regarding the no coal provision in WAC 480-100-650 (3)(a), BPA continues to request that the UTC consider any findings from the CETA Electricity and Carbon Markets Work Group before finalizing rule language for utilities meeting the January 1, 2026 no coal requirement. If the UTC does consider language for this section, BPA requests the UTC include additional language that provides certainty to utilities that the rule language does not interpret a BPA power purchase contract to be all unspecified power. BPA is statutorily-required to sell power from a

single system of resources, the vast majority of which is generated by federal dams and Columbia Generating Station. Although BPA does make unspecified purchases (and BPA recognizes that CETA will require utilities to provide attestation regarding that portion of BPA's system when BPA's power purchase agreements exceed 31 days), these purchases are the exception not the rule. Therefore, the language BPA is proposing below is necessary to ensure that utilities in Washington can continue to purchase power from BPA with confidence that the UTC and Commerce recognize that the vast majority of BPA power is sourced from renewable and non-emitting resources.

Proposed language for WAC 480-100-650 (3)(a):

“(i) Purchases from the Bonneville Power Administration (BPA), where the utility knows at the time of entry into the transaction that the utility is purchasing from BPA, are not considered to be an unknown source.”

BPA appreciates the UTC staff's work on developing CETA rulemaking language and appreciates the opportunity to provide comments during the development of this language. Please feel free to contact myself at 503.230.4358 or Liz Klumpp at 360.943.0157 if you have any questions on these comments and suggested edits to the proposed rules.

Thank you,



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