

December 3, 2020

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Mark L. Johnson  
 Executive Director and Secretary  
 Washington Utilities and Transportation Commission  
 621 Woodland Square Loop SE  
 Lacey, WA 98503

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 COMMISSION

**Re: Docket UE-191023 and Docket UE-190698, Comments on Clean Energy Transformation Act Interpretations of Use and Stakeholder Proposals**

Dear Mr. Johnson:

The Washington Public Utility Districts Association (WPUDA) appreciates the opportunity to provide comments to the Washington Utilities and Transportation Commission (UTC) in Docket UE-191023 and UE-190698, in response to the November 5 Notice of Opportunity to File Written Comments (Notice).

WPUDA is a member driven organization comprised of 27 community-owned PUDs that provide retail electric, water, and wastewater services as well as wholesale telecommunications services to communities across Washington State. Twenty-three member PUDs provide retail electric service. In fact, in 2018 PUDs collectively delivered more electricity to retail customers than other classes of utilities including investor-owned, municipal, or cooperative utilities. Therefore, we have a strong interest in seeing that the final rulemaking determinations regarding the definition and assessment of “use” support utility effort to implement the Clean Energy Transformation Act (CETA) in ways that support the transition of the state's electricity supply to one hundred percent carbon-neutral by 2030 while safeguarding utility customers from unreasonable costs (RCW 19.405.010).

WPUDA supports the comments of the Public Generating Pool (PGP) and the September 25 Utility Joint Recommendations submitted by PGP, Puget Sound Energy, Pacific Power, and Avista. WPUDA agrees that these recommendations provide multiple benefits to Washington State:

- Supports the rapid elimination of emitting resources from Washington’s energy supply without jeopardizing grid reliability;
- Enables utilities to effectively trade power so as to capture the efficiency and flexibility of current and future wholesale electricity markets to ensure the lowest reasonable cost resource and transmission portfolios;

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*Advocating for our members who provide not-for-profit, locally controlled utility services for the people of Washington*

- Promote approaches to meeting the law that recognize that the power system must operate according to the laws of physics which includes that fact that electrons are fungible and always seek the path of least resistance to a point of use. And in a widely interconnected system, the ultimate end-use will rarely if ever be the same as is identified on a trading contract;
- Provides an auditable approach to assure no double counting of clean energy resources; and,
- Recognize that energy technologies and systems (generation, grid controls, end-use controls, transmission expansion, markets, etc.) are evolving rapidly and the adopted CETA implementation rules must be flexible so as to support rather than hinder this evolution in ways that achieve the primary near-term policy objective of CETA; transitioning the state's electricity supply to one hundred percent carbon-neutral by 2030.

In general, WPUDA agrees with and supports PGP's answers to the questions posed in the notice and will not repeat them here. However, we do expand on a few of the answers relative to interests of BPA's utility customers. It is important to note that 20 of our members – as well as another 43 Washington electric utilities including municipalities, cooperatives, irrigation districts, tribal entities and military installations – take service from BPA (see Appendix 1). It is important that the final rules accommodate utilities who rely on BPA for most or all of the power they deliver to retail customers.<sup>1</sup>

## Questions

**2. Do the rules in Attachment A or B allow a utility to produce renewable electricity in excess of the amount required to serve its load and use the RECs from that excess renewable electricity, sold off system, to cover periods of load in which more than 20 percent of its load is served by GHG emitting resources as a means of complying with RCW 19.405.040(1)(b)(ii)? For example, can a utility comply with the 80 percent requirement through buying 1000 MWh of hydroelectricity in excess of its load service needs in every hour of the day during the spring runoff and resell that power while retaining the nonpower attributes for compliance?**

WPUDA believes it important that the implementing rules fully accommodate the many Washington electric utilities that are Tier 1 customers of BPA (see attachment 1). As such, WPUDA asks that the implementing regulations make clear that subject utilities can rely on BPA's self-assessed and reported generation mix when determining their own resource portfolio. Finally, WPUDA understands that BPA uses a procurement approach to assessing its generation mix which better aligns and is more consistent with the approach recommended in Attachment A.

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<sup>1</sup> This accommodation is specifically identified in RCW 19.405.050(6) "Nothing in this section prohibits an electric utility from purchasing or exchanging power from the Bonneville power administration."

#### 4. How will the suggested rules in Attachment A and B affect long-term portfolio planning and acquisition?

WPUDA expects that utility planning would be highly problematic following the rules proposed in Attachment B. Again, because BPA apportions its system mix to Tier 1 customers, utility customers of BPA would have no way to model the specific source producing a particular megawatt-hour of electricity that was eventually delivered to an end-used utility customer. Conversely, planning under the production approach recommended by attachment A would be relatively straight forward and consistent with historic planning practices.

***b. Do the suggested rules in Attachment A or B support a long-term resource portfolio plan that matches the production of renewable electricity with the utility's load and has sufficient transmission service between the point of injection of its planned source of renewable electricity and the utility's load to enable the renewable electricity to serve that load?***

WPUDA severely questions whether any amount of planning can address the issues of developing “sufficient transmission service between the point of injection of its planned source of renewable electricity and the utility’s load to enable the renewable electricity to serve that load.” The transmission grid will have to significantly expand to ensure reliable service as thermal generation is shuttered. However, as the draft 2021 state energy strategy (SES) acknowledges, “... it is less clear who will, or should, take the lead in acquiring that capacity...” and “...whether barriers to building new transmission facilities can be overcome in a timely fashion.”<sup>2</sup> One of these barriers is the enormous costs associated with the development of new transmission. In response the SES recommends that policy makers “...monitor progress and adjust as needed depending upon issues and challenges encountered...” and that “[m]ore direction from state policy makers may be required if needed transmission expansion appears to stall.”<sup>3</sup>

Fortunately, CETA recognized that “there will likely need to be upgrades to electricity transmission and distribution infrastructure across the state to meet the goals [of the act].” And in response created the Transmission Corridors Work Group to identify:

- areas where transmission and distribution facilities may need to be enhanced or constructed; and
- environmental review options that may be required to complete the designation of such corridors and recommend ways to expedite review of transmission projects without compromising required environmental protection.<sup>4</sup>

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<sup>2</sup> FIRST DRAFT WASHINGTON STATE 2021 ENERGY STRATEGY, November 2020, pp.117 & 118.

<sup>3</sup> Ibid pp.117 & 118.

<sup>4</sup> RCW 19.405.150(1) & (3).

WPUDA expects that the work of this group must recommend that the state prioritize transmission over other public policy objectives to make the necessary transmission expansion feasible. Ultimately, state public policies rather than the rules associated with utility planning under CETA will determine whether sufficient transmission is developed to eliminate emitting resources from our electric resource portfolio.

**7. Rules in Attachment B, part (2)(b), state that a utility must make a demonstration that the electricity used for compliance was generated by the utility or acquired by the utility with the nonpower attributes and not resold.**

- a. How would a utility make such a demonstration?**
- b. How would power generated and purchased by the utility be identified as sold, which documents would be used, and what process would be followed to reconcile purchases and sales?**
- c. How would Commission staff conduct audits under this proposal?**

WPUDA asks how utility customers of BPA would make such demonstrations for the power supplied under Tier 1 contracts.

WPUDA appreciates the opportunity to provide these comments. The policy decisions regarding the “use” of electricity are critical to the state achieve the carbon reduction goals of CETA, while protecting system reliability and customers from exorbitant increases in the cost of electricity.

If you should have questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Nicolas Garcia". The signature is fluid and cursive, with a long horizontal stroke at the end.

Nicolas Garcia, Policy Director  
Washington Public Utility Districts Association

## Appendix 1

Utility Customer	Product	BP-22 RHWM
Alder	LF	0.523
Asotin PUD	LF	0.547
Benton PUD	Slice/ Block	192.001
Benton REA	LF	56.909
Big Bend	LF	58.373
Blaine	LF	8.343
Centralia	LF	23.248
Cheney	LF	15.088
Chewelah	LF	2.642
Clallam PUD	LF	72.523
Clark PUD	Slice/ Block	303.812
Columbia REA	LF	35.955
Consolidated Irrigation	LF	0.217
Coulee Dam	LF	1.928
Cowlitz PUD	Slice/ Block	523.882
Eatonville	LF	3.213
Ellensburg	LF	22.877
Elmhurst	LF	30.752
Energy NW	LF	2.663
Fairchild	LF	5.821
Ferry PUD	LF	11.127
Franklin PUD	Slice/ Block	111.942
Grant - Grand Coulee	LF	4.952
Grays Harbor PUD	Slice/ Block	125.168
Inland Power	LF	100.055
Jefferson PUD	LF	43.091
Kalispel Tribal Utility	LF	3.885
Kittitas PUD	LF	9.255
Klickitat PUD	LF	34.969
Lakeview	LF	31.587
Lewis PUD	Slice/ Block	108.490
Mason 1 PUD	LF	8.573
Mason 3 PUD	LF	76.244
McCleary	LF	3.546
Milton	LF	7.094
Modern	LF	25.073
Nespelem	LF	5.610
Ohop	LF	9.690

Okanogan PUD	Block	43.795
Okanogan Elec (PNGC)	LF	6.228
Orcas (PNGC)	LF	23.594
Pacific PUD	Slice/ Block	34.652
Parkland	LF	13.420
Pend Oreille PUD	Block	24.581
Peninsula	LF	68.667
Port Angeles	LF	81.539
Port of Seattle	LF	16.482
Richland	LF	99.069
Seattle	Block	499.760
Skamania PUD	LF	15.173
Snohomish PUD	Slice/ Block	762.234
Steilacoom	LF	4.587
Sumas	LF	3.475
Tacoma	Slice/ Block	383.841
Tanner	LF	10.524
USDOE Richland	LF	33.455
USN Bangor	LF	19.480
USN Jim Creek	LF	1.457
USN Puget	LF	29.055
Vera Water and Power	LF	25.905
Wahkiakum PUD	LF	4.775
Whatcom PUD	LF	25.596
Yakama Power	LF	17.845

## APPENDIX 2

### CETA COMPLIANCE SCENARIO 6: *BPA Tier 1 Utility Customer.*

- The utility receives electricity from BPA.
- The utility does not actively participate in power trading and, as such, has no unspecified purchases or sales.
- The utility does not have any alternative compliance obligation because its renewable generation total equals its load over the multi-year compliance period.

	<b>Multi-year Compliance Period</b>	<b>Documents used for Compliance</b>
<b>Load</b>	200 MWhs	Utility power bill from BPA
<b>Renewable Generation Total</b>	178.7 MWhs <ul style="list-style-type: none"> <li>○ Hydro: 178.5 MWhs</li> <li>○ Biomass: 0.2 MWhs</li> </ul>	Each of the units used for compliance must be substantiated by: <ul style="list-style-type: none"> <li>○ RECs transferred to the utility via WREGIS</li> </ul>
<b>Nonemitting electric generation</b>	17.6 MWhs	Attestation from BPA supporting utility ownership of nonemitting electric generation.
<b>Emitting Generation</b>	3.7 MWhs	
<b>Unspecified Purchases</b>	0 MWhs	
<b>Unspecified Sales</b>	0 MWhs	
<b>Specified Sales</b>	0 MWhs	
<b>RECs Retired for Compliance</b>	182.4 RECs	Utility retirement of RECs from BPA from: <ol style="list-style-type: none"> <li>1. Hydro generation;</li> <li>2. additional RECs (if any) from BPA owned wind generation.</li> </ol> Any remaining REC need would be acquired through bi-lateral trades transferred via WREGIS.
<b>Alternative Compliance</b>	0	