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May 11, 2023



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VIA ELECTRONIC FILING

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

Re: Docket U-230161—PacifiCorp Comments Regarding Washington’s Climate Commitment Act (CCA) Workplan and Future CCA Workshops

PacifiCorp d/b/a Pacific Power & Light Company (PacifiCorp) respectfully submits these comments in response to the Washington Utilities and Transportation Commission’s (Commission) CCA Workplan and opportunities for future CCA workshops.

The Company appreciates the Commission’s proactive and measured implementation of the CCA on its impacts on Washington customers and utility operations. The Company recognizes that many significant CCA implementation issues requiring the Commission’s involvement relate to matters that are unique to natural gas utilities, namely the distribution of benefits to ratepayers. Because PacifiCorp is the only electric-only utility, the number of issues relevant to the Company, at this time, is limited. That said, the Company requests the Commission consider these modest comments below.

I. The Commission should provide guidance on how administrative costs should be accounted and reported.

Washington provided retail electric utilities with no cost allowances to mitigate the CCA’s cost burden to electric utility customers.¹ “Cost burden” is defined as the impact on rates or charges to Washington electric utility customers caused by the CCA, and includes administrative costs that result from the utility’s participation in the program.²

WAC 173-446-230(1) details how no cost allowances, including allowances representing administrative costs, will be allocated to electric utilities. Relevant here, the number of no cost allowances for each utility will be based on forward-looking and Commission-approved demand and resource supply forecasts,³ while the Washington Department of Ecology will allocate additional allowances based on qualifying administrative costs, determined by backward-looking “audited financial statements” and Ecology discussions with the Commission.⁴

¹ RCW 70A.65.120(1).
² RCW 70A.65.010(21).
³ WAC 176-446-230(2)(a)-(c).
⁴ WAC 173-446-230(2)(h).

The Commission should provide guidance on how administrative costs should be accounted and reported. What “audited financial statements” or other administrative cost accounting procedures would provide the Commission with adequate information to verify annual utility CCA administrative costs in its discussions with Ecology?

II. The Commission should consider how the prohibited actions under WAC 173-446-317 impact the disclosure of information both before, and with, the Commission or stakeholders.

Ecology adopted various rules to prevent bidder collusion and minimize the potential for market manipulation that could result from the arbitrage of CCA no cost allowances or other auction behaviors.⁵ This includes, for example, preventing market actors from discussing whether they intend to participate or not in auctions, whether they intend to bid, or otherwise sharing CCA auction bidding strategies.

This regulation provides vital customer protection against bad actors that could attempt to manipulate the auctions for financial gain. It also could have significant impacts for how utilities discuss this information with the Commission and/or stakeholders or disclose it in Commission filings.

For the Commission’s purposes, presumably all utility auction strategies will result in financial impacts that must be reported to the Commission. For example, if an electric utility declined to consign its no cost allowances to auction and instead retired its no cost allowances for compliance purposes, it would not report auction expenses to the Commission. On the other side, if an electric utility consigned its no cost allowances to auction, those actions would be reported as actual revenue or expenses from those actions in a CCA cost-tracking mechanism, whether that be in rate filing, power cost recovery mechanism, or a deferral to track costs for later ratemaking.

Either way, these filings indirectly disclose the utility’s “intent to participate or refrain from participating in an auction,” “intent to bid,” or “bidding strategy.”⁶ Either the foregone revenue or expenses (from not consigning no cost allowances to auction), or the actual revenue or expenses (from consigning no cost allowances to auction), would disclose that utility’s CCA bidding strategy. Moreover, absent the context of these filings, this language may prevent electric utilities from discussing with its regulators the potential effects of exercising either option.

The Commission should provide guidance on what type of information can be publicly disclosed, what can be disclosed only on a confidential basis, and how the Commission intends to discuss auctions with utilities in various types of venues: adjudications, rulemakings, investigations, or informal Commission-to-utility discussions.

⁵ WAC 173-446-317.

⁶ *Id.*

