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

Re: Docket U-230161, Proposed work plan and workshop series on Climate Commitment Act

Dear Director Maxwell:

Thank you for the opportunity to provide comments on the Commission's proposed work plan and workshop series regarding potential impacts of the Climate Commitment Act (CCA) on investor-owned utilities' costs of service, potential impacts on ratepayers, and other issues. The Commission's work on these issues will be vital to effective implementation of the law.

As a statewide advocacy organization, Washington Conservation Action (formerly known as Washington Environmental Council) works to develop, advocate, and defend policies that ensure environmental progress and justice by centering and amplifying the voices of the most impacted communities. We have worked on carbon pricing for over a decade, are committed to supporting the successful implementation of the CCA, participated actively in rulemakings for Chapter 173-446 WAC, Chapter 173-446A WAC, and Chapter 173-441 WAC, and have been participating in PSE's recent CCA interested parties meetings.

We offer the following comments in response to the Commission's request for input in the Notice of Opportunity regarding outstanding CCA implementation issues to address during the proceeding.

Use of revenue from consigned allowances

Identification of low-income customers. RCW 70A.65.130(2)(a) requires natural gas utilities to prioritize use of revenue from consigned no-cost allowances to eliminate the cost burden for low-income customers in the early years of the program. Separately, RCW 70A.65.120(4) requires electric utilities to prioritize use of revenue from consigned no-cost allowances to mitigate rate impacts on low-income customers. However, current utility programs identify and serve only a small fraction of utilities' estimated low-income customers.





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For example, Puget Sound Energy estimates that about 250,000 of its approximately 820,000 natural gas customers are income-qualified for the elimination of cost burden under the CCA. PSE has currently identified 10,000 of its natural gas customers as known low-income through existing programs.¹ If approximately 96% of PSE's low-income natural gas customers remain unidentified, it will not be possible to successfully implement the CCA's cost protections for these customers. There must be consistent and overarching guidance and requirements from the Commission to ensure that all investor-owned utilities apply the same standards to identify low-income customers.

In order to ensure customers eligible for cost burden elimination and rate impact mitigation can effectively access these benefits, the current proceeding should address these issues through:

- Discussion in upcoming workshops;
- Staff recommendations for guidance and requirements for investor-owned utilities' identification of low-income customers under the CCA; and
- Commissioner consideration and timely action on staff recommendations.

Guidance and requirements for the use of revenue from consigned no-cost allowances to natural gas utilities. WAC 173-446-240(3) describes the Commission's jurisdiction over the use of revenues collected by investor-owned natural gas utilities from consigned allowances. WAC 173-446-300(2)(b)(iii) describes the Commission's jurisdiction in determining how proceeds from consigned allowances shall be used for the benefits of customers, including specific provisions for low-income customers.

In order to make these necessary determinations and ensure an effective balance of activities to minimize short- and long- term cost impacts on customers, the current proceeding should address the Commission's jurisdiction through:

- Discussion in upcoming workshops;
- Staff recommendations for guidance and requirements for investor-owned natural gas utilities' use of revenue from consigned no-cost allowances; and
- Commissioner consideration and timely action on staff recommendations.

Guidance and requirements for the use of revenue from consigned no-cost allowances to electric utilities. WAC 173-446-230(6) describes the Commission's oversight and jurisdiction over the use of revenues collected by investor-owned electric utilities from consigned allowances. WAC 173-446-300(2)(b)(i) describes the Commission's jurisdiction in determining how proceeds from consigned allowances will be used for the benefit of ratepayers, including specific provisions for low-income customers.

¹ PSE presentation, Implementing Climate Commitment Act Meeting with Interested Parties #3, April 12, 2023.





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In order to ensure make these determinations and ensure the law's requirements are met, the current proceeding should address the Commission's jurisdiction through:

- Discussion in upcoming workshops;
- Staff recommendations for guidance and requirements specifying how allowance revenues must be used for the benefit of ratepayers and how rate impacts to low-income customers must be mitigated; and
- Commissioner consideration and timely action on staff recommendations.

CCA impact on customer rates

With investor-owned electric and gas utilities planning to submit filings to begin recovering CCA compliance costs this year, it is urgent for the Commission to establish guidance and requirements regarding how utilities' compliance costs may and may not be passed on to consumers through rate increases. A piecemeal approach will not lead to consistency, transparency, and fairness; therefore, overarching guidance and requirements from the Commission will be needed. The current proceeding should address this need through:

- Discussion in upcoming workshops;
- Staff recommendations for guidance and requirements regarding the prudence of CCA compliance costs and recovery of costs through rate increases versus other resources; and
- Commissioner consideration and timely action on staff recommendations.

Thank you for your consideration of these comments. Washington Conservation Action looks forward to continued participation in this docket and appreciates the Commission's work on these and other outstanding issues regarding implementation of the Climate Commitment Act.

Sincerely,

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