



STATE OF WASHINGTON
DEPARTMENT OF ECOLOGY

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August 19, 2009

David Danner, Executive Director and Secretary
Utilities and Transportation Commission
PO Box 47250
Olympia, WA 98514-7250

Re: Docket Number UE-080949 (PSE 2009 Electric IRP)
UG-080948 (PSE 2009 Natural Gas IRP)

Dear Mr. Danner:

RCW 19.28 requires that utilities develop an integrated resource plan that includes how it will meet current and projected needs at the lowest reasonable cost and risk to the utility and its rate payers. "Lowest reasonable cost" is to include public policies regarding resource preferences adopted by Washington State or the federal government, and the cost of risk associated with environmental effects including emissions of carbon dioxide. RCW 70.235.020 establishes the state's policy to reduce greenhouse gas emissions to 1990 levels by 2020. Therefore, we believe that addressing greenhouse gas emissions and how a utility will reduce their contribution to the state's overall emission level is part of the analysis to be conducted as part of its integrated resource plan as part of the "lowest reasonable cost" criterion.

We commend Puget Sound Energy's (PSE) inclusion of this important topic so fully in its plan. Appendix D of the plan outlines the company's policy and how it is reducing its carbon footprint both as a provider of electricity and within its business operations. The plan recognizes that, in the future, there will be a cost on carbon dioxide emissions and includes a range of costs in the various planning scenarios. For its electric portfolio, PSE anticipates a significant decline in its emissions due to the reduced dispatch of Colstrip in response to carbon costs. But PSE also found that it will need to implement additional demand-side resources in order to reduce its emissions to 1990 levels. While the statute does not require *individual* companies to reduce emissions to their 1990 levels, it is important to understand what each company will need to do to make that level of reduction as it is the only way to ensure the state will meet its reduction limits. PSE's analysis is both thorough and helpful.

Thank you for the opportunity to comment.

Sincerely,

Janice Adair
Special Assistant to the Director
Climate Policy

