

# Climate Commitment Act Workshop Series

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Washington Utilities &  
Transportation Commission

July 26, 2023



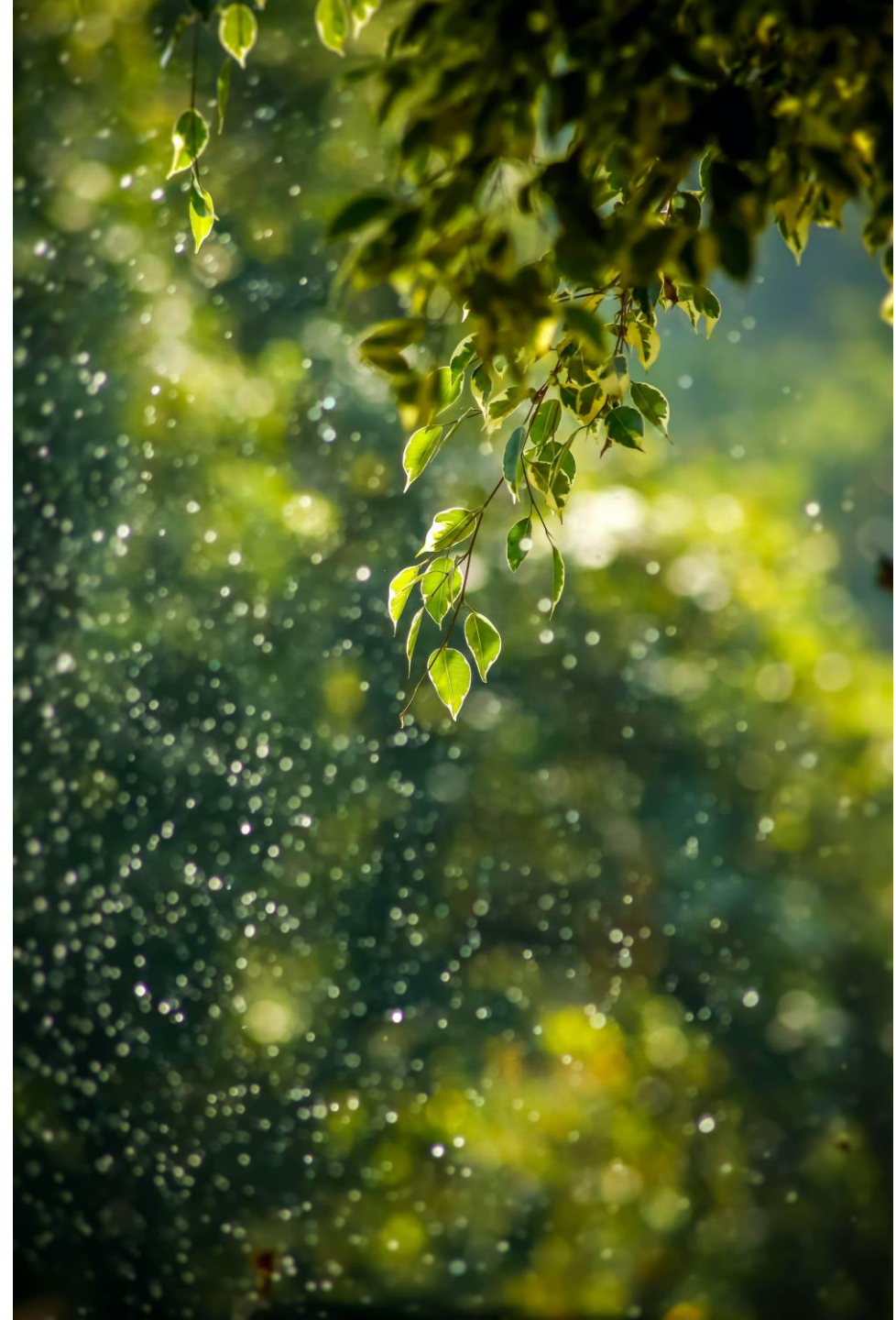
**UTC**

Washington Utilities  
and Transportation  
Commission

# Agenda

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- **Welcome, Opening Remarks, and Introduction**
- **Summary of First Workshop**
- **Discussion 1: No Cost Allowances\**
- **10 Minute Break**
- **Discussion 2: Defining Low-Income**
- **10 Minute Break**
- **Discussion 3: CCA Cost Recovery**
- **Questions**
- **Closing Remarks & Adjourn**



# CCA Workshop Series Work Plan

Event	Date
Notice of first workshop: CCA 101	March 15, 2023
Notice of opportunity to file written comments on draft CCA work plan, action timeline, and future workshops	April 10, 2023
First CCA workshop: CCA 101	April 10, 2023
Written comments due – Proposed topics for discussion	May 10, 2023
Notice of second workshop – Second CCA workshop topics (Auction revenues to benefit ratepayers, “low-income” definition, CCA cost recovery); issue final CCA work plan and action timeline.	June 15, 2023
Second CCA workshop: Second CCA workshop topics (Auction revenues to benefit ratepayers, defining “low-income,” cost recovery).	July 26, 2023
Third CCA Workshop: – Continuation of cost recovery and planning issues (Long-term utility planning forecasts and forecast adjustments).	September 15, 2023
Fourth CCA workshop: Continuation of issues (if needed)	Early November, 2023
Final proposed action plan for commissioner consideration	End of December, 2023





# Workshop #1 Summary

## Commission Jurisdiction

- Climate Commitment Act is primarily regulated by the Department of Ecology
- UTC is directly involved under two WACs:
  - WAC 173-446-230
    - Approval of supply/demand forecasts for estimates of retail electric load and forecasted resource fuel types to deliver load (**Only applicable for electric IOUs, not natural gas**)
    - UTC retains “oversight and jurisdiction over the **use of revenues** collected from an investor-owned utility through the consignment and auction of no cost allowances **for the benefit of ratepayers.**”
  - WAC 173-446-240
    - The UTC “retains jurisdiction over the **use of the revenues** collected by investor-owned utilities from allowances consigned **for the benefit of ratepayers.**”

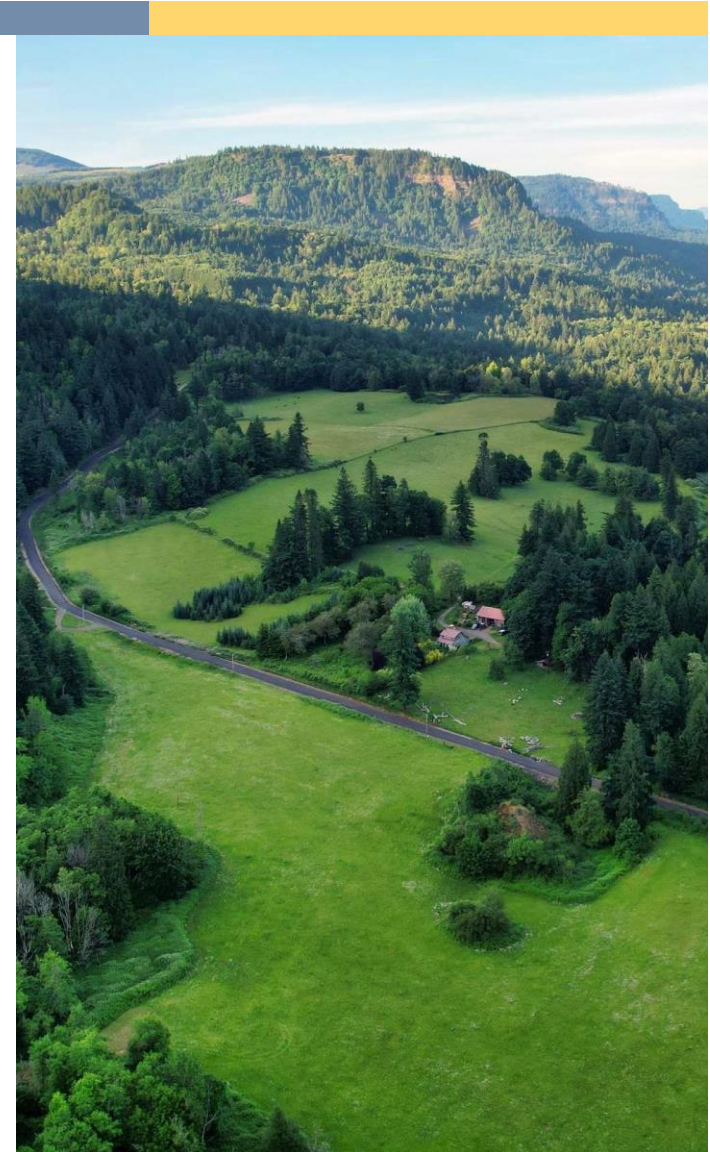




# Workshop #1 Summary

## Ecology Jurisdiction (highlights – non-exhaustive list)

- RCW 70A.65- Cap and Invest Program Creation, Administration, and Enforcement
  - Monitoring/oversight of sale/transfer of allowances
  - Establishing and administering auctions
- RCW 70A.65.020 - Environmental Justice Review
- RCW 70A.65.120 - Allocation of no-cost allocations to electric utilities
  - WAC 173-446-230 - Distribution of allowances to electric utilities.
- RCW 70A.65.130 - Allocation of no-cost allocations to gas utilities
  - WAC 173-446-240 – Distribution of allowances to gas utilities.



# Workshop #1 Summary

## Docket Scope

- Solicit feedback and facilitate discussion on Commission scope, process, and content in development of Commission guidance on CCA matters
- Provide guidance on interested party and Commission identified CCA issues



# Discussion 1: No Cost Allowances

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## Themes from Public Comments

- How should revenues from no-cost gas allowances be allocated?
- The use of revenues derived from the consignment of no-cost allowances allocated to natural gas and electric IOUs
- Develop guidance on using consigned allowance revenue to benefit ratepayers and CCA incorporation into utility resource planning.
- Provide guidance with administrative costs and how they should be accounted for and reported for no-cost allowances.



# Discussion 1: No Cost Allowances

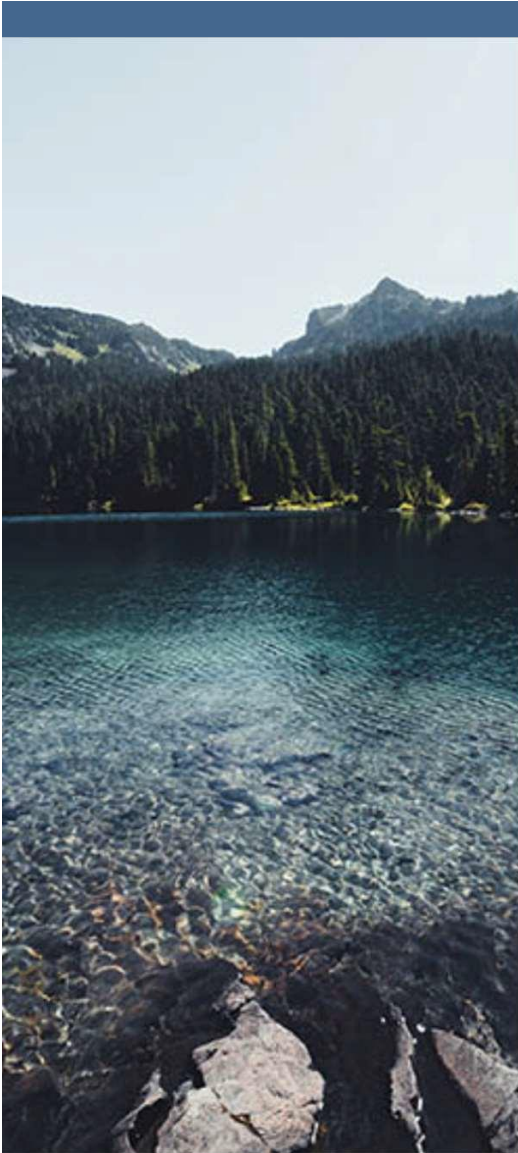
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## Important Points from 7/21 Open Meeting

- PSE CCA Gas Tariff Filing (CCA allowance costs/credits for August 2023-December 2023)
- Directed PSE and its advisory group to produce a plan to reach 75,000 low-income customers in next tariff period
  - Automatic enrollment or expanded definition of low-income
- Not precedential
- Recovered costs are subject to review and refund
- CCA credits not costs are included as line item on customer bill







# Discussion 1: No Cost Allowances

- What guidance does the Commission need to provide on the use of revenues to benefit ratepayers?
- What oversight does the Commission need to ensure related to the use of revenues to benefit ratepayers?
- What other issues do interested parties see?



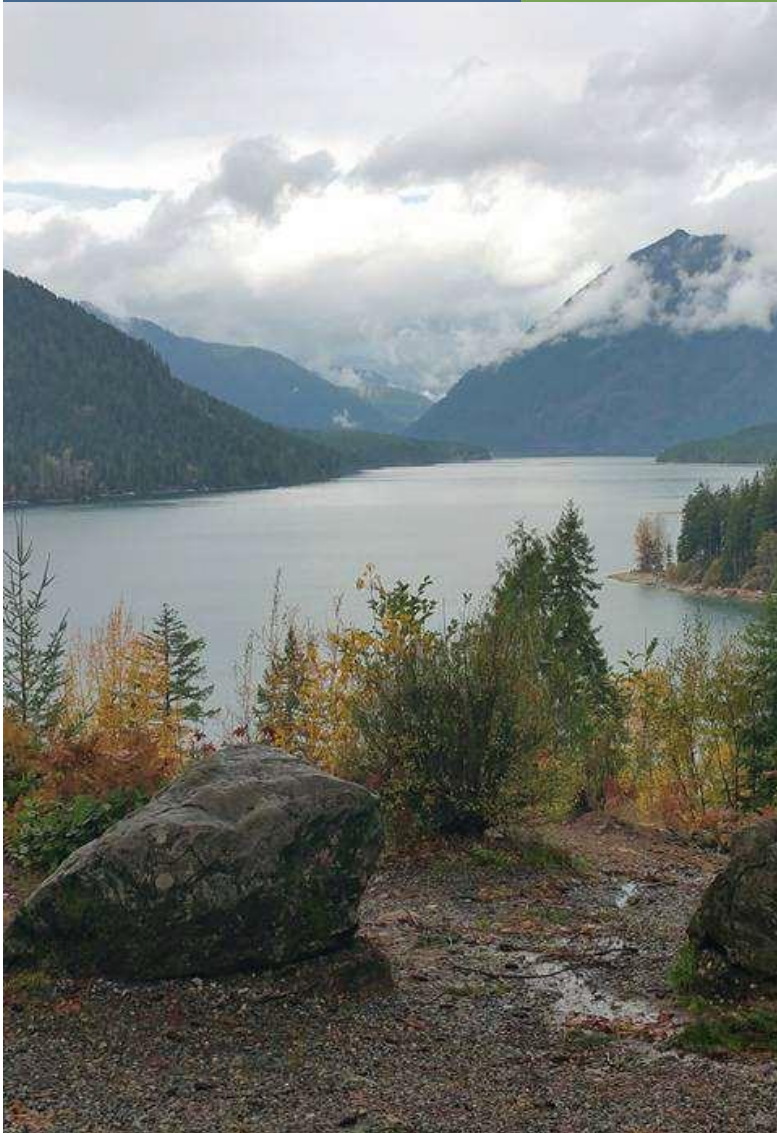
# Discussion 2: Defining “Low-Income”

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## Themes from Public Comments

- How should low-income customers be defined?
- Prioritize consistent processes for identifying low-income customers.
- The Commission should provide clarity on how to interpret different statutory language governing how electric and gas IOUs use auction revenue to benefit ratepayers, prioritizing low-income customers.





## Discussion 2: Defining “Low-Income”

- How should the Commission define “low-income”?
- In defining “low-income,” which methods and procedures should the Commission consider?
- What guidance should the Commission provide on identifying low-income households/consumers?
- What potential low-income metrics should the Commission consider?



# Discussion 3: CCA Cost Recovery

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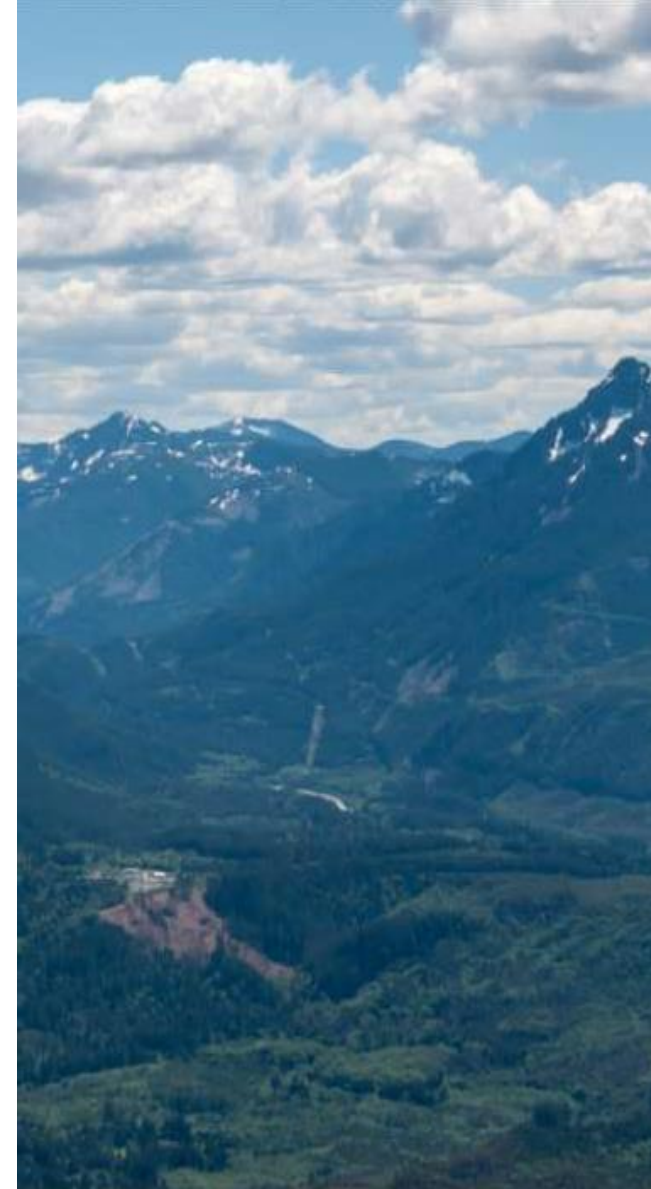
## Themes from Public Comments

- Guidance on the appropriate mechanism for CCA cost recovery (*e.g.*, GRC, separate tariff rider).
- How should voluntary renewable natural gas programs be treated when it comes to charging customers for CCA costs and returned revenues from consigned allowances?



# Discussion 3: CCA Cost Recovery

- Which mechanisms related to CCA cost recovery are most appropriate (e.g. general rate case, accounting petitions, multi-year rate plans, separate tariff mechanisms, hybrid)?
- As a follow-up, what guardrails/parameters should the Commission consider for cost recovery?
- What CCA activities or costs should the Commission consider recoverable?
- How should the Commission consider costs on a forward-looking basis?





# Next Steps

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## **Third Workshop**

- September 15th, 2023, 1pm-5pm
- Continuation of Cost Recovery and planning issues (long-term utility planning forecasts and forecast adjustments)

## **Fourth Workshop**

- Early November 2023
- Continuation of issues (if needed)



**Questions?**

