



STATE OF WASHINGTON
UTILITIES AND TRANSPORTATION COMMISSION

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August 30, 2023

NOTICE OF WORKSHOP AND OPPORTUNITY TO PROVIDE COMMENTS
(Comments due by Thursday, September 7th, 2023, at 5 pm)

RE: Commission-led workshop series on the Climate Commitment Act, Docket U-230161

TO ALL INTERESTED PERSONS:

The Climate Commitment Act (CCA), Senate Bill 5126, enacted in 2021, establishes a cap-and-invest program to reduce carbon emissions. The CCA requires Washington to reduce carbon emissions by 95% below 1990 levels by 2050 and to invest proceeds from a cap-and-trade program in projects that, among other objectives, promote equity under guidance of the environmental justice council.¹

Under the CCA, most facilities that emit more than 25,000 metric tons of carbon emissions a year are required to obtain emission allowances.² The CCA allows electric investor-owned utilities (IOUs) regulated by the Washington Utilities and Transportation Commission (Commission) and subject to the Clean Energy Transformation Act (CETA) to receive no-cost allowances to mitigate the cost burden of the cap-and-invest program on electric customers. Natural gas IOUs also receive no-cost allowances and must sell an increasing share of their no-cost allowances to auction for the benefit of ratepayers. The no-cost allowances provided to Natural gas IOUs to cover their emissions will decline proportionally with the cap over time to zero after seven years.³

The Legislature required electric IOUs, subject to CETA, to submit to the Commission forecasts of utility-specific supply and demand and the cost burden resulting from the inclusion of the

¹ RCW 70A.45.020, and *see generally* WAC 173-446.

² *See, e.g.*, WAC 173-446-030.

³ RCW 70A.65.130 (1)(a).

covered entities in the first compliance period.⁴ These forecasts form the basis of the Department of Ecology's allocations of no-cost allowances to these IOUs. The Commission reviewed and approved the IOUs' forecasts at a recessed open meeting on January 23, 2023, and approved revised forecasts for Puget Sound Energy and Avista Corporation d/b/a Avista Utilities at its regularly scheduled open meeting on July 27, 2023.⁵

On April 10, 2023, the Commission issued a Notice of Opportunity to File Written Comments in Docket U-230161, soliciting feedback from interested persons on priority CCA topics the Commission should plan to discuss throughout the workshop proceedings. The workshop series will allow IOUs, their customers, and all interested persons to discuss and understand the CCA's potential impacts.

The Commission received 16 comments from IOUs and interested persons in this Docket identifying priority issues that require Commission guidance. The Commission plans to address such issues throughout a series of workshops. The Docket materials are available on the Commission's website: <https://www.utc.wa.gov/casedocket/2023/230161>.

WORKSHOP

The Commission will convene a third hybrid workshop on Friday, September 15, 2023, from 1 p.m. to 5 p.m., to discuss priority issues within the Commission's purview. An agenda for the third workshop will be posted in the docket on Monday, September 11th. Expected agenda topics include risk sharing mechanisms, incorporating the cost of carbon in dispatch costs, and ensuring long-term planning is consistent with the CCA.

Commission headquarters will be open to the public for in-person participation. Interested persons may also listen to the meeting via Zoom by calling (253) 215-8782 and using Meeting ID: 892 4088 8033# and Passcode: 759524#. To participate in the meeting using Zoom on a computer or mobile device, [click here to join](#).

If you wish to be placed on the interested parties contact list, please submit your request to the Commission's Records Center at records@utc.wa.gov.

If you wish to participate and need an interpreter, one will be provided at no cost to you. If you need an interpreter, please contact the Commission at least one business day prior to the meeting by calling (360) 664-1140 or by sending an email to paige.doyle@utc.wa.gov.

The Commission is committed to providing reasonable accommodations to participants with disabilities. If you need a reasonable accommodation for the workshop, please contact the Commission at least one business day prior to the workshop by calling (360) 664-1132 or by

⁴ RCW 70A.65.120(3).

⁵ See Orders 01, filed January 24, 2023, and Order 02, filed July 27, 2023, in Docket UE-220770 and UE-220797. See Order 01 filed January 24, 2023, in Docket UE-220789.

sending an email to human_resources@utc.wa.gov. For TTY service, please call the Washington Relay Service at 1-800-833 6384 or 711.

If you have any questions regarding this docket, you may contact Aaron Cahen, Energy Policy Advisor, by email at aaron.cahen@utc.wa.gov.

QUESTIONS FOR PRE-WORKSHOP WRITTEN COMMENTS

Please provide written comments in response to the following questions by 5pm on Thursday, September 7th.

- 1). What are the necessary elements for an equitable, fair, and reasonable risk-sharing mechanism, as required by Order 01 in Docket UG-230470?
- 2). At what frequency, and under what conditions, should utilities be required to file CCA forecast updates, as required by Order 02 in Docket UE-220797?
- 3). Under what circumstances should utilities create separate tariffs for recovery and pass-back of CCA costs and proceeds?
- 4). Under what circumstances should utilities incorporate CCA costs and proceeds into general rate cases?
- 5). In Workshop 2, interested persons indicated that utility Low-Income Advisory Groups were best situated to discuss the requirements concerning low-income customers under the CCA. Should the Commission convene a “Joint Low-Income Advisory Group,” which could convene, discuss outstanding issues relating to low-income customers under the CCA, and submit a proposal to the Commissioners? The outstanding issues include those identified in the agenda for Workshop 2 and discussed in comments in this docket.
- 6). What guidelines should the Commission issue to ensure long-term utility plans are consistent with CCA rules? For example:
 - 1) Exceed the emissions ceiling set by RCW 70A.45.020,
 - 2) Require purchasing excessive price ceiling units pursuant to RCW 70A.65.160, or
 - 3) Model allowance purchases that are greater than a utility’s proportional share of statewide allowances?
- 7). Are there any other priority issues that have arisen since comments were last filed?

In the case of the scenarios above, how should utilities demonstrate that decarbonization, or other methods for CCA compliance, are NOT the least reasonable cost pathway?

KATHY HUNTER
Acting Executive Director and Secretary