



Department of Energy

Bonneville Power Administration
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Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

RE: Docket UE-210183, relating to electricity markets and compliance with the Clean Energy Transformation Act (CETA)

Dear Mr. Killip:

The Bonneville Power Administration (BPA) appreciates the opportunity to provide comments on the Washington Utilities and Transportation Commission's (UTC) request for issue discussion on interpretation of compliance with RCW 19.405.040(1)(a) relating to the definition of "use" under CETA (Docket UE-210183).

BPA is a federal power marketing administration that markets wholesale power from 31 federal hydroelectric projects, one nuclear plant, and some other nonfederal power plants. BPA sells low-carbon power to over 130 preference customers in the region, 63 of which are consumer-owned utilities in Washington, and sells power to privately-owned utilities as well. BPA's sales to Washington utilities amount to roughly fifty percent of the energy consumed in the state. BPA also owns more than 15,000 circuit miles of high-voltage transmission, which amounts to about 75 percent of the region's high voltage transmission. The UTC's interpretation of "use" will have implications for investor-owned utilities that purchase power from BPA as well as implications for the bulk transmission system and wholesale power market.

BPA continues to urge the UTC to implement "use" in a manner that allows utilities to use retained nonpower attributes to meet the 80% compliance requirement.¹ Disallowing this would essentially amount to "use" being implemented as a delivery standard requiring utilities to demonstrate that the underlying power was scheduled to retail load. Such an interpretation 1) is inconsistent with Washington Department of Commerce's (Commerce) rules, 2) does not align with how organized markets work, and 3) is duplicative with Washington's Climate Commitment Act (CCA).

¹ BPA has provided past comments to the UTC on "use" and continues to urge the UTC to consider the points in those comments, which remain relevant today. See Comments of the Bonneville Power Administration on [June 29, 2020](#), [December 2, 2020](#), and [February 9, 2022](#).

BPA supports the UTC adopting rules consistent with the rules adopted by Commerce. Commerce's rules allow RECs to be used for compliance as long as such use is consistent with the rules on double counting. It is important for Commerce and UTC to have a consistent interpretation of CETA – and not an opposing interpretation – so that there are shared, consistent rules across Washington utilities and for electricity markets. The differences between the suite of greenhouse gas emission reduction and clean energy programs enacted by states across the West create challenges for wholesale power markets, which cannot accommodate different and sometimes conflicting state requirements. These challenges equate to market inefficiencies and ultimately additional costs to rate payers.

These challenges are particularly evident in the context of an organized market. Organized markets dispatch resources on a least-cost basis across a vast footprint of loads and are not able to easily accommodate identifying which resources are dispatched and delivered to a specific state or load serving entity.² If retained nonpower attributes cannot be “used” for compliance with CETA's 80% compliance requirement, this could limit if or how a utility could participate in a market. A utility may have to exclude certain resources from participating in the market or self-schedule those resources and become a price-taker in the market to comply with CETA.

CETA should be compatible with the CCA, not duplicative of it. CETA's procurement-based approach incentivizes long-term investments in resources and the CCA drives emission reductions for power generated and imported to Washington on a real-time basis, both working together to drive Washington's goal of transitioning to a clean energy future. However, if the UTC were to interpret “use” to not allow retained nonpower attributes to be used for compliance, CETA and the CCA would be applied to the same power delivered to a retail utility, creating duplicative requirements for Washington consumers.

BPA believes Commerce's interpretation of “use” avoids unnecessary friction with electricity markets and aligns CETA with the CCA. BPA strongly urges the UTC to adopt rules consistent with Commerce's approach. Please don't hesitate to contact me at 503.230.4358 if you have any questions on BPA's comments.

Sincerely,



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² Neither the CAISO's EIM and EDAM or SPP's Markets+ provide for dispatch of a specific resource to a specific load. Incorporating dispatch options into market design for meeting state cap-and-trade/invest programs, like Washington's CCA, has proven to be extremely challenging and involves tradeoffs in terms of market efficiencies.