

**BEFORE THE WASHINGTON  
UTILITIES AND TRANSPORTATION COMMISSION**

In the Matter of the Petition of

PUGET SOUND ENERGY,

For an Order Approving Forecasts  
Pursuant to RCW 70A.65.120

DOCKET UE-220797

ORDER 03

APPROVING PETITION AND  
REVISED FORECAST SUBJECT TO  
CONDITION

**BACKGROUND**

- 1 In 2021, the Washington State Legislature passed the Climate Commitment Act (CCA) through Engrossed Second Substitute Senate Bill 5126 into law, codified as RCW 70A.65, to reduce greenhouse gas (GHG) emissions. Also referred to as “Cap and Invest,” the law establishes a declining cap on GHG emissions from covered entities, and is intended to reduce emissions in the state by 95 percent by 2050.<sup>1</sup> The CCA allows electric utilities, which are 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.<sup>2</sup> The CCA required the Department of Ecology (Ecology) to adopt rules, in consultation with the Washington Utilities and Transportation Commission (Commission) to establish the methods and procedures for allocating allowances for investor-owned electric utilities (IOUs).<sup>3</sup>
- 2 On September 29, 2022, Ecology published final rules under Chapter 173-446 Washington Administrative Code (WAC), the Climate Commitment Act Program. WAC 173-446-230 specifies that Ecology will use utility-specific four-year demand and resource supply forecasts to determine the cost-burden effect and the allocation of no-cost allowances to each electric utility.
- 3 WAC 173-446-230(2)(g) provides that the initial allocation of allowances will be adjusted as necessary to account for any differential between actual GHG emissions and

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<sup>1</sup> See Climate Commitment Act - Washington State Department of Ecology [Climate Commitment Act - Washington State Department of Ecology](#).

<sup>2</sup> WAC 173-446-230(1).

<sup>3</sup> RCW 70A.65.120.

forecasted GHG emissions.<sup>4</sup> Commission Staff (Staff) and other parties refer to this informally as the true-up mechanism. Ecology has clarified that it will not subtract allowances if the actuals are less than forecasted emissions, but rather it would give the utility proportionately fewer allowances the next year.

- 4 On October 31, 2022, Puget Sound Energy (PSE or Company) filed with the Commission a Petition for an Order Approving Forecasts Pursuant to RCW 70A.65.120, which was assigned to Docket UE-220797. PSE used its 2021 CEIP as the source for its forecast for all years, extending the modeling from its CEIP through 2026. PSE forecasted 22,160,079 MWh of total load in 2023; 22,502,456 MWh in 2024; 22,700,927 MWh in 2025; and 22,928,549 MWh in 2026.<sup>5</sup>
- 5 On January 24, 2023, the Commission entered Order 01 in this Docket, approving PSE's Petition for a four-year demand and resource supply based on the above forecast subject to the modified condition that the Company notify the Commission of any substantive changes.<sup>6</sup>
- 6 On July 27, 2023, the Commission entered Order 02, approving the Company's Revised Forecast as filed on July 3, 2023, subject to the condition that the Company file a petition seeking approval of its revised forecast for the years 2024 to 2025 with the Commission by April 30, 2024.<sup>7</sup>
- 7 On April 21, 2025, PSE filed with the Commission a Petition requesting an Order Approving its revised forecasts for the years 2025 and 2026 due to additions to the Company's electric supply since July 27, 2023, and the pace of acquiring renewable and non-emitting resources necessary to achieve CETA's goal for the four-year CETA compliance period beginning January 1, 2023, not slowing.<sup>8</sup>

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<sup>4</sup> WAC 173-446-230(2)(g).

<sup>5</sup> Docket UE-220797, Petition of Puget Sound Energy for Approval of PSE's Forecasts Pursuant to RCW 70A.65.120 at 8: 1-3 (October 31, 2022).

<sup>6</sup> *In the Matter of the Petition of Puget Sound Energy for an Order Approving Forecasts Pursuant to RCW 70A.65.120*, Docket UE-220797, Order 01, Approving Supply and Demand Forecast (January 24, 2023).

<sup>7</sup> Docket UE-220797, Order 02, Approving Petition and Revised Forecast Subject to Condition (July 27, 2023). See also Exhibit A.

<sup>8</sup> Docket UE-220797, Petition of Puget Sound Energy for an Order Approving Revised Demand and Resource Supply Forecast for Calendar Years 2025 and 2026 Pursuant to RCW 70A.65.120 and WAC 173-446-230(2)(j) at 16-17 ¶ 17 (April 21, 2025). See also Exhibit A attached to Petition.

- 8 On May 9, 2025, the Alliance of Western Energy Consumers filed comments highlighting: (1) that PSE will not meet its targets identified in the 2021 CEIP; (2) that customers should not be at risk of shouldering any additional CCA compliance costs; and (3) that it is paramount Ecology be provided with the most accurate forecasts that reflect changing circumstances, even mid-compliance period.
- 9 Staff has reviewed the petition and believes the emissions values presented by PSE are accurate representations of what PSE intends to be responsible for emitting in the years 2025 and 2026.
- 10 However, Staff has reservations about potential deviation from CETA compliance, the nature of PSE's emissions data with regards to the acceptable sources contained in WAC 173-446-230(c), and the lack of procedural and equitable guiderails in the development of PSE emissions data for 2025 and 2026.
- 11 Despite these concerns, Staff recommends the Commission issue an Order approving PSE's Petition for a Revised Demand and Resource Supply Forecast for Calendar Year 2025 and 2026 but requests that the order "specify that approval of PSE's petition does not connote approval nor a prudency determination for PSE's resource selection."<sup>9</sup>
- 12 On July 10, 2025, this matter came before the Commission at its regularly scheduled open meeting.

### DISCUSSION

- 13 We agree with Staff's recommendation that the Commission should grant PSE's Petition and its Revised Forecast as filed on April 21, 2025. The Commission further adopts Staff's recommendation that our approval does not imply or explicitly equate to an approval or prudency determination for the Company's resource selection.
- 14 Having reviewed PSE's Petition and considering all relevant matters and for good cause shown, the Commission finds that the Company's Petition and its Revised Forecast should be approved.

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<sup>9</sup> Commission Staff Memo, at 1, 6.

## FINDINGS AND CONCLUSIONS

- 15 (1) The Commission is an agency of the State of Washington vested by statute with the authority to regulate the rates, rules, regulations, practices, accounts, securities, transfers of property and affiliated interests of public service companies, including electric companies.
- 16 (2) PSE is an electric company and a public service company subject to Commission jurisdiction.
- 17 (3) PSE is an investor-owned electric utility subject to the requirements of Chapter 19.405 RCW.
- 18 (4) The need to avoid an insufficient allocation of no-cost allowances for the present calendar year tends to outweigh concerns with the limited time provided for review of the Revised Forecast.
- 19 (5) PSE's revised demand and resource supply forecast should be approved pursuant to RCW 70A.65.120, but the Commission takes no position on approval of or the prudence of resource selections or interim targets.
- 20 (6) This matter came before the Commission at its regularly scheduled open meeting on July 10, 2025.
- 21 (7) The Commission adopts Staff's recommendation that its approval of the Company's petition does not connote approval or a prudence determination of PSE's resource selection.
- 22 (8) After reviewing PSE's Petition and Revised Forecast and giving due consideration to all relevant matters and for good cause shown, the Commission approves PSE's Petition and its Revised Forecast.

## ORDER

### THE COMMISSION ORDERS:

- 23 (1) The Commission approves Puget Sound Energy's Petition and its Revised Forecast Pursuant to RCW 70A.65.120 but this does not connote approval or a prudence determination of Puget Sound Energy's resource selection.
- 24 (2) This Order shall not affect the Commission's authority over rates, services, accounts, valuations, estimates, or determination of costs, on any matters that may come before it.

- 25       (3)       The Commission retains jurisdiction over the subject matter and Puget Sound Energy to effectuate the provisions of this Order.

Dated at Lacey, Washington, and effective July 10, 2025.

WASHINGTON UTILITIES AND TRANSPORTATION COMMISSION

BRIAN J. RYBARIK, Chair

ANN E. RENDAHL, Commissioner

MILTON H. DOUMIT, Commissioner