

April 25, 2025

Filed Via Web Portal

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

UE-210183

Received
Records Management
Apr 25, 2025

Re: Puget Sound Energy's Comments Relating to Electricity Markets and Compliance with the Clean Energy Transformation Act "Use" Rules; Docket UE-210183

Dear Director Killip,

Puget Sound Energy (PSE) respectfully submits these comments in response to the Washington Utilities and Transportation Commission's (Commission) April 1, 2025 Notice of Opportunity to Provide Comments (Notice) on its draft "Use" rules issued in Docket U-210183. PSE has been engaged in this proceeding since its inception in mid-2021 and appreciates the collaboration with staff and regional stakeholders on this matter. PSE is supportive of the direction of the current version of the draft rules and offers a few clarifying suggestions in these comments with regard to the use of electricity in centralized electricity markets and the portfolio planning requirements. PSE also requests the Commission consider modifying the rules for new elements proposed in the Annual Clean Energy Progress reports be included beginning in the July 1, 2026 report given the proximity of the report due on July 1, 2025. This will allow time for utilities to plan for and adopt these new requirements.

GHG Neutral standard (480-100-6XXa)

With respect to the proposed rules for the use of electricity from centralized electricity markets, PSE suggests a clarifying few edits. In a centralized electricity market, it is possible that electricity generated by renewable or nonemitting resources will be self-scheduled in by market participants and will not be economically dispatched by the market. This electricity may be allocated or attributed to a Washington utility.

(6) RECs or NPAs associated with electricity generated by a renewable or nonemitting resource dispatched in or scheduled into a centralized electricity market are eligible to count towards a utility's primary compliance if:

(a) a market allocation of electricity to the utility occurs [...]

Additionally, PSE supports the suggested edit offered by PGP in their April 25, 2025 comments clarifying that double counting does not occur merely by the offer of electricity and the

inclusion of a specified GHG adder alone, but rather, that electricity must be *attributed* as specified power.

(8)(b) any electricity generated by a renewable or nonemitting resource and offered for sale by the utility in a centralized electricity market shall not be ~~offered~~ attributed to a GHG pricing zone as specified power, and the utility must ensure that the associated RECs or NPAs are not transferred to another entity.

Portfolio planning requirements to meet the GHG Neutral standard (480-100-6XXb)

In its rules for portfolio planning requirements, the Commission lays out the requirement for utilities to conduct an hourly analysis when planning to meet its primary compliance obligation under RCW 19.405.040. PSE understands this requirement to mean the utility must plan to meet its forecast primary compliance obligation over the four-year compliance period using the sum of all the generation in all the hours of the compliance period. Based on that understanding, PSE suggests the following clarifying language:

(2) Each utility must meet the requirement in subsection (1) of this section through, at a minimum, an hourly analysis of the renewable or nonemitting output of the preferred resource portfolio, and how ~~this the~~ sum of hourly resources is intended to meet its primary compliance obligation over each compliance period under RCW 19.405.040(1)(a), or other minimum percentage of retail electric load established by the commission through an approved interim target, under expected renewable output conditions. If a plan referenced in subsection (1) only includes one portfolio, for the purposes of this section that portfolio is the preferred portfolio.

Reporting and Compliance (480-100-650)

In the Commission's reporting and compliance rules, subsection (3)(l), the Commission adds requirements for utilities to report new information about the generation it will count toward its primary compliance, the utility's load, retail load, and information about storage resources in its annual Clean Energy Progress Report. As mentioned above, PSE requests the Commission require this new information be included beginning in the July 1, 2026 report to allow time for utilities to plan for and adopt these new requirements. Utilities' reports on 2024 progress are due July 1, 2025. If the Commission adopts these rules, utilities will not have sufficient time to incorporate this information by July 1, 2025. The Commission could consider modifying the rule language to establish this expectation:

(l) Beginning July 1, 2026, and each year thereafter, the following information on at least a monthly basis, in MWh;

(i) The amount of renewable or nonemitting energy that the utility counts towards primary compliance, categorized by resource type, identified by the vintage of the associated RECs or NPAs; [...]

Lastly, PSE understands and supports the Commission's desire to examine how storage resources are being used to meet compliance with CETA. The use and modeling of storage is a topic of much recent discussion. At this time, PSE suggests the Commission strike the language in its rules related to reporting of storage – WAC 480-100-650 (3)(l)(iv) and (m). Or, at a minimum, it might be helpful to caveat this information as required “to the extent this information is practicably available” until more discussion can be had collectively. PSE believes more discussion is needed to develop a common understanding of the various use cases for storage and to agree upon common terminology and a reporting framework. Additionally, if a utility enters into an agreement for a storage resource, it may require taking the resource offline to receive this data on a monthly cadence, under the terms of the agreement. This testing requires advance notice and preparation, and the extra cycling may impact manufacturers warranties and contractual operating parameters under the terms of the agreement. PSE encourages more discussion on this topic.

Conclusion

PSE appreciates the opportunity to comment on these draft rules and is committed to the state's clean energy transformation and to making progress toward meeting the 2030 and 2045 long-term CETA standards. PSE also appreciates the Commission's thoughtful engagement in the regional market discussions that have informed these rules.

Please contact Jessica Zahnow at (971) 200-6026 or jessica.zahnow@pse.com for additional information about this filing. If you have any other questions, please contact me at (425) 462-3051.

Sincerely,

/s/ Wendy Gerlitz

Wendy Gerlitz
Director, Regulatory Policy
Puget Sound Energy
PO Box 97034, BEL10W
Bellevue, WA 98009-9734
425-462-3051
Wendy.Gerlitz@pse.com

cc: Tad O'Neill, Public Counsel
Sheree Carson, Perkins Coie