



Puget Sound Energy
P.O. Box 97034
Bellevue, WA 98009-9734
PSE.com

January 24, 2020

Filed Via Ecology Comment Web Portal

Bill Drumheller
Washington State Department of Ecology
300 Desmond Dr. SE
Lacey, WA 98503

Re: PSE Initial Comments regarding Ecology CETA Rulemaking

Dear Mr. Drumheller:

Puget Sound Energy (“PSE” or the “Company”) appreciates the opportunity to comment on a couple of topics that were discussed at Ecology’s first CETA rulemaking workshop last week. We look forward to further dialogue on these issues at future workshops in the coming weeks.

1. Defining Eligible Energy Transformation Projects

At last week’s meeting, Ecology indicated that it plans to set up a general process or framework for energy transformation projects (ETPs) in rule, but use informal administrative processes to: (1) identify potential eligible ETP types; (2) establish the ETP program; and (3) define how the application process, protocols and evaluation of projects will work.

PSE strongly encourages Ecology to, where possible, be specific in rule about the categories of eligible ETP projects, and their general parameters. CETA provides a good foundation for this work already, with several different types of potential ETPs already specified in the law. PSE’s position is that the Legislature has already signaled what types of projects should be considered ETPs and those projects (and their associated conversion factor) should be well defined in rule. This will allow utilities greater predictability and certainty when considering investments in ETPs to meet their CETA need. With the categories of eligible ETP projects and the ETP framework specified in rule, PSE is generally supportive of Ecology establishing some of the more routine, administrative functions outside of the rulemaking process. Further, PSE does not view the types of ETPs listed in CETA as exhaustive, and Ecology may add to that list over time.

PSE is happy to facilitate discussion with other utilities and work towards developing an initial framework for these ETPs, including their associated conversion factor(s), for Ecology to consider in this rulemaking.

2. Specifying the Default Emissions Rate for Unspecified Sources

With respect to treatment of unspecified sources, Ecology indicated at the last meeting that it plans to use the default emissions rate that is specified in the CETA statute initially, and then periodically review that emissions rate over time and consider making adjustments. PSE does not object to this approach, *provided that* the rule requires this periodic review on a predictable cadence.

Above all else, PSE prefers an emissions rate for unspecified sources that is the most accurate. The default emissions rate specified in CETA appears to reflect the marginal emission rate for the WECC as it stands today. As utilities work towards meeting their 2030 CETA goals, and the region's energy generation mix gets cleaner as the result of coal generation retiring and more renewables coming online, this number may not be as accurate over time.

PSE appreciates the opportunity to provide comments in this rulemaking. Please contact Kara Durbin at (425) 456-2377 for additional information about these comments. If you have any other questions, please contact me at (425) 456-2142.

Sincerely,

/s/ Jon Piliaris

Jon Piliaris
Director, Regulatory Affairs
Puget Sound Energy
PO Box 97034, EST07W
Bellevue, WA 98009-9734
425-456-2142
Jon.Piliaris@pse.com