



**PUBLIC UTILITY DISTRICT NO. 1
OF MASON COUNTY**

N. 21971 Hwy. 101
Shelton, Washington 98584

BOARD OF COMMISSIONERS

MIKE SHEETZ, Commissioner
JACK JANDA, Commissioner
RON GOLD, Commissioner

February 19, 2020

Bill Drumheller
Air Quality Program, Department of Ecology
300 Desmond Dr SE
Lacey, WA 98503

RE: Comments Regarding the Department of Ecology's Draft Rule Approach to Implementing Standards for Energy Transformation Projects Under the Clean Energy Transformation Act (Chapter 19.405 RCW)

Dear Mr. Drumheller,

Mason County PUD No. 1 shares the Washington Public Utility Districts Association's (WPUDA) concerns with the approach in Ecology's Outline document, including the issue that Ecology would fail to establish the rules needed to allow utilities to use energy transformation projects by January 1, 2021, as required by the statute.

The availability of energy transformation projects is a key element of the legislative strategy to achieve emissions reductions "...at the lowest reasonable cost, and at an acceptable resource adequacy..." (RCW 19.405.020). These emission reduction alternatives were widely expected to be available for assessment as part of utility Integrated Resource Planning and during the development of Clean Energy Action Plans. Furthermore, the need for energy transformation projects was widely discussed amongst stakeholders – including representatives of Ecology and the Governor's Office – as SB5116 worked its way through the legislative process. A multi-year process undermines this important tool to minimize costs while maintaining system reliability and it adversely impacts our confidence that Ecology can deliver on the expectations of participants to state legislative process.

Ecology would essentially abdicate its statutory responsibility by shifting the responsibility to utilities. This is unduly burdensome and not an acceptable alternative to the statute. A simpler and statutorily consistent approach is to start with the array of energy transformation projects specifically listed in RCW 19.405.020(18)(b). Ecology should seek out conversion factors already developed and established by other jurisdictions, which would provide sufficient time for Ecology to propose and finalize factors listed in the statute. CETA is clear that these factors may be revised as needed in subsequent years.

Mason PUD 1 echoes WPUDA's vision that the end result of Ecology's efforts would be a simple matrix of projects, savings estimates, recordkeeping and reporting requirements and verification procedures. This would provide utilities the information needed to assess alternatives and determine how investments in energy transformation projects compares to other compliance approaches. Ultimately, the governing boards of public utilities (and the UTC for Investor Owned Utilities) would decide whether they would use an Energy Transformation Project as part of their compliance strategy.

Ecology has no statutory authority to approve transformation projects.



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Finally, the state Auditor for public utilities (and again the UTC for Investor Owned Utilities) would assess whether individual utilities complied with all facets of the Clean Energy Transformation Act including, when applicable, whether energy transformation projects had achieved their projected savings.

Thank you for the opportunity to provide comment.

Sincerely,

A handwritten signature in blue ink that reads 'Kristin Masteller'.

Kristin Masteller
General Manager