



Energizing Life in Our Communities

May 22, 2020

Washington Department of Ecology
300 Desmond Dr SE
Lacey, WA 98503

Via Public Comment Form @ ecology.wa.gov

RE: Clean Energy Transformation Act Rulemaking; Greenhouse Gas Emissions Content Calculation and Energy Transformation Projects

Snohomish PUD (Snohomish) appreciates the opportunity to provide feedback on the Department of Ecology's (Ecology) Clean Energy Transformation Act (CETA) draft rule language addressing greenhouse gas emissions content calculation and energy transformation projects discussed at the May 13, 2020 workshop. With 2,200 square miles of service area, serving a population of over 811,000 residents and 18,000 businesses, Snohomish is the second largest publicly owned utility in the Pacific Northwest and 13th largest in the nation. Snohomish serves its customers with electricity that is 98% carbon free on a four-year average, the majority of which is hydro generation and purchased from the Bonneville Power Administration (BPA).

Snohomish will focus these comments on Ecology's approach to energy transformation projects (ETP).

Energy Transformation Projects Evaluation and Criteria

Snohomish believes that Ecology has the authority to develop evaluation criteria but is not granted the authority to approve ETPs.

Snohomish recognizes Ecology's interest in establishing comprehensive ETP evaluation protocols. However, the proposed ETP criteria grants Ecology authority that should remain under the purview of consumer owned utilities' local governing boards. The procedures and review outlined in the draft WAC 173-444-080 seems to delegate de-facto approval authority to Ecology. This delegation is statutorily unfounded as RCW 19.405.040(2) directs Ecology to develop only the criteria, not to perform actual evaluations of potential ETPs.

Snohomish suggests that Ecology significantly revise its draft rules to remove Ecology from the approval or validation process. Utilities may request reviews by Ecology at their discretion, but should not be mandated to receive verification or validation before being considered eligible.

Snohomish believes the criteria for ETPs is overly complex and burdensome.

Snohomish believes the proposed structure for the comprehensive protocols, as described in WAC 173-444-070 is overly complex. The prescriptive and complex nature of the draft rules threatens to stifle potential projects before they can be properly explored or evaluated. Instead of guiding utility compliance, overly complex protocols impede utilities' ability to engage ETPs as a viable path towards compliance with CETA requirements.

Snohomish is particularly concerned about the language found in WAC 173-444-070(3)(f) related to equity criteria. CETA does not apply the issue of equity directly to ETPs, but rather addresses the important issue of equity and distribution of benefits as an overall consideration in compliance. The issue of equity would be most appropriately separated from ETP criteria and applied as a more broad compliance consideration. Of particular concern is the phrase "any benefits" in (3)(f)(i). The boundaries of how this phrase could be interpreted and applied is unclear and likely to act as another barrier towards utility compliance with CETA requirements through implementing ETPs.

Snohomish suggests Ecology use WAC 173-444-060(4)(a-h) as guidance to establish more permissive criteria language.

The conditions outlined in subsection (4) of WAC 173-444-060 appear to be reasonable standards drawn from the intent of the statute. This is particularly true as the standards outline a framework that could successfully integrate Ecology's regulatory authority to establish criteria with the authority of consumer owned utilities' governing bodies to establish compliance of potential ETPs with those standards. By developing minimal additional guidelines around subsections (a) through (h), Ecology could allow utilities to flexibly establish ETPs in a manner that prepares documentation for eventual audit according to the merits of each individual project.

Snohomish believes ETP rulemaking should include guidance on a practical, effective methodology for evaluating the merits of acquiring additional conservation as an ETP in planning.

Snohomish believes the statutory language in RCW 19.405.040(1)(B)(iii) explicitly allows for "non-

economic” conservation using criteria developed by Ecology. The current draft rule language does not include mention of conservation nor is conservation listed as a first component in the list of eligible categories of ETPs.

Conservation has the potential to be a meaningful ETP as it may allow utilities to provide for additional energy efficiency investments within their communities and provide more local, public benefit than other regulatory compliance options. To enable this investment, clarification is required to establish the methodology or framework for:

- establishing the supply of “non-economic” conservation,
- when “non-economic” conservation can be acquired to meet current or future ETP needs identified in planning, and
- what approval process may be needed to enable this type of investment.

Snohomish suggests that conservation as an ETP may warrant a simpler, more practical regulatory framework than that proposed for other ETPs, given the region’s deep experience managing programs of this type, and the established regulatory framework that establishes cost-effective or “economic” conservation. Snohomish recommends establishing the supply of economic and “non-economic” conservation using the same methodological framework a utility used to establish cost-effective concentration under RCW 19.285.40.

Snohomish appreciates the opportunity to comment. If you have any questions about our comments, please feel free to contact us.

Sincerely,



Kim Johnston
Director of Government and External Affairs