



Puget Sound Energy
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March 24, 2020

Filed Via Ecology Comment Web Portal

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

Re: PSE Comments as Follow-up to the Mar. 16 Workshop

Dear Mr. Drumheller:

Puget Sound Energy (“PSE” or the “Company”) appreciates the opportunity to comment on the topics that were discussed at Ecology’s third CETA rulemaking workshop last week with respect to energy transformation projects (ETPs), as well as a topic that was brought up at the first workshop on January 14.

Energy Transformation Projects

At the March 16th workshop, Ecology indicated it is considering modifying its approach to developing protocols and applying those protocols to projects outlined in this rulemaking. Ecology’s proposed modified approach reflects a more accelerated process for determining eligible ETP types. PSE appreciates Ecology’s willingness to incorporate feedback from PSE and other stakeholders on the need for clear, expedient, and technically sound processes. Utilities, including PSE, have a statutory requirement under CETA to file Clean Energy Implementation Plans by January 1, 2022. These plans may include ETPs, so utilities, the Department of Commerce (Commerce), and the Utilities and Transportation Commission (UTC) need certainty concerning ETPs to be able to include them in Clean Energy Implementation Plans. PSE supports Ecology’s efforts to accelerate and/or streamline the process – whether it can be accomplished in this rulemaking or shortly thereafter in an administrative process. A clear and streamlined process for ETPs under CETA will be more efficient for both Ecology and the applicant. PSE looks forward to hearing Ecology’s ideas at the next workshop in April.

As explained previously, PSE supports rules that clearly specify the types of ETPs that are eligible, including, but not limited to, the project types specified by the Legislature in CETA. At the same time Ecology is crafting the rules for eligible ETP types, Ecology could also begin

developing a master protocol for all eligible ETPs as a starting point. PSE agrees with Ecology that creating a single master protocol could expedite implementation as well, which PSE strongly supports. Over time, this master protocol (or project specific protocols developed consistent with the master protocol) could evolve to include more detail as needed for particular project types. Project-specific protocols would help streamline the project evaluation process. Ecology could consider adding more project specific protocols on a predictable annual or semi-annual basis and maintaining a list of those more detailed, approved protocols through an administrative process rather than in rule. The rules could simply specify the *process* by which new protocols are added either as part of or consistent with the master protocol, as well as the time frame under which proposed projects will be reviewed by Ecology.

In the workshop last week, Ecology discussed the need to develop protocols, as well as to evaluate projects against CETA criteria and applicable protocols prior to project approval. PSE supports this approach, so long as Ecology establishes a clear process for evaluating projects under the protocol. Where project-specific protocols do not yet exist, Ecology could evaluate and approve a new protocol, as proposed by the applicant or Ecology, in parallel with a new project application to ensure that both are consistent with the master protocol.

For evaluation of protocols and projects, PSE is comfortable with the hybrid approach that Ecology proposed in the workshop. As PSE understands it, Ecology would evaluate and approve the protocols. Projects would be either evaluated by third parties or reviewed by Ecology, which could provide an advisory opinion, similar to what is done under the Energy Independence Act. Final project approval would be granted by the UTC or Commerce. PSE is supportive of whatever approach will be the most efficient to administer within a reasonable period of time. Regardless of the reviewer, it is important that the review have a clear timeline for completion, so that the protocols and projects can be incorporated into Clean Energy Implementation Plans.

Default Emissions Rate

Finally, while much of the discussion in this rulemaking over the past two months has focused on ETPs, PSE would like to reiterate its interest in specifying, in rule, a periodic review of the emissions rate for unspecified sources. As stated previously, PSE wants to ensure that any emissions rate applied to unspecified sources is accurate. While the default emissions rate specified in CETA appears to reflect the marginal emission rate for the WECC as it stands today, PSE anticipates that as the region's energy generation mix gets cleaner as the result of coal generation retiring and more renewable resources coming online, this number will be increasingly inaccurate 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

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