



PUBLIC UTILITY DISTRICT NO. 1

Cowlitz County, Washington

961 12th Avenue

Longview, Washington

October 12, 2020

Washington State Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503

Sent via public comment form at Ecology.wa.gov

Re: Proposed Rule Chapter 173-444 WAC - Clean Energy Transformation

Cowlitz PUD appreciates the opportunity to comment on Proposed Rule Chapter 173-444 WAC – Clean Energy Transformation. The PUD provides electric service to nearly 49,000 customers throughout Cowlitz County and delivered over 4.6 million megawatt hours of electricity through retail power sales in 2019.

Greenhouse Gas Content Calculation

The PUD is generally supportive of the proposed language pertaining to the greenhouse gas content calculation methodology and thanks the Department for the changes it made to the previous drafts in response to utility stakeholder comments. However, we continue to disagree with the inclusion of a requirement to account for transmission losses as those losses occur in the wholesale rather than retail space, as CETA compliance is based upon a utility's retail electric sales to its customers. We appreciate the inclusion of factors in Section -040 (5)(b)(ii)(A-C) that allow most utilities to report transmission losses as "zero MWh," but we still do not understand the purpose of their presence in relation to CETA's stated requirements.

The PUD offers a suggestion to improve clarity in determining the applicability of Section -040 (5)(b)(ii)(A) to a utility's GHG content calculation by adding the term "plant net output" to Section -020 Definitions.

Update the Unspecified Default Emissions Rate

The PUD continues to encourage Ecology to schedule the work necessary in the near term to update the default emissions rate for unspecified electricity which is currently established in statute at 0.437 mt/CO₂e per MWh. Utilities should be able to plan for

their future resource acquisitions based upon the most current data available regarding the unspecified fuel mix. The early retirement of coal-fired resources and ever-increasing addition of renewable generation to the Western Interconnection points toward a significantly cleaner average emissions rate for unspecified electricity than the current default rate. We believe an updated rate would more accurately reflect the progress made in GHG emissions reduction across the grid and help utilities maintain affordability for its customers while taking action to comply with CETA's clean energy standards.

The PUD recommends a provision in the final rule to deliver an updated default emissions rate by January 1, 2022 with subsequent updates recurring no later than every four years.

Energy Transformation Project Protocols and Procedures

The PUD previously expressed concerns over the complex nature of the draft rule's treatment of energy transformation projects (ETP), specifically pertaining to the development of project category protocols and implementation procedures for individual projects. While we appreciate the Department's inclusion in Section -060(7) of an initial list of eligible project categories pertaining to the electrification of the transportation sector, we are concerned the language remains overly cumbersome and will likely discourage utilities from pursuing innovative transformation projects in favor of purchasing unbundled REC's to achieve alternative compliance with CETA's clean energy standards.

By way of example, the proposed rule provides two pathways for project validation: third-party verification or Ecology review. The former path will result in substantial validation costs while the latter will consume significant time, add elements of uncertainty and allow a public input period that is duplicative of the process previously afforded by the rule during the comprehensive protocol development phase. The utility will sink considerable time and expense into project development for even the most basic ETP (e.g. EV purchase rebate program) without tangible certainty that the project will achieve validation by Ecology or the third-party verifier. Uncertainty over project scope and the amount of fossil fuel reduction that can be validated through an ETP makes it difficult for utilities to achieve an adequate return on investment compared to the compliance certainty they would gain by purchasing unbundled REC's.

The PUD encourages Ecology to streamline the project application and validation procedures so as to encourage and promote ETP development by utilities. Additionally, Ecology should focus its efforts in the near term on determining the GHG-reduction conversion rates for the project categories that were specified in the CETA statute.

Cowlitz PUD appreciates Ecology's efforts in developing the proposed rule and facilitating stakeholder input throughout the process. Thank you for your consideration of our comments, and we look forward to reviewing the final language adjustments upon release of the CR-103.

Sincerely,

Steve Taylor

Steve Taylor
Director of Regulatory & Regional Affairs