



Energizing Life in Our Communities

November 15, 2021

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

Via Public Comment Form @ ecology.wa.gov

RE: Clean Fuels Program Rule Process and Overview

Snohomish PUD (Snohomish) appreciates the opportunity to provide feedback on the Department of Ecology’s (Ecology) Clean Fuels Program (CFP) rulemaking process (Chapters 173-424 WAC and 173-455 WAC). 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 is a national leader in clean energy, with more than 95% of our electricity coming from renewable and non-emitting resources over the past five years.

Electric utilities are crucial in advancing the CFP’s stated intent to “reduce greenhouse gas (GHG) emissions associated with transportation fuels”. Due to decades of our Commission’s and customers’ investments in clean energy, Snohomish is well positioned to further advance responsible and cost-effective decarbonization of Washington’s transportation sector. Ecology has the opportunity to craft rules that leverage utility investments and expertise to reduce GHG emissions and increase CFP benefits.

Snohomish has focused these comments on rulemaking issues that are key to Snohomish and should maximize benefits to our customers through transportation electrification (TE) opportunities.

Leverage Utility Requirements to Maximize CFP Benefits

The Legislature established requirements (E3SHB 1091, Section 9) on how participating electric utilities may invest their CFP revenues. Due to Section 9 requirements, electric utilities must invest their CFP revenues in TE projects and programs with a significant focus on equitable investments.

Snohomish’s current efforts highlight the potential benefits from successful, equitable investments in TE. For example, we recently announced two Clean Energy Fund projects to advance innovative charging technology and support equitable electric vehicle (EV) adoption. These investments demonstrate our interest and experience in expanding TE benefits throughout our communities.¹

Snohomish suggests Ecology craft rules clarifying, generally, that utilities have the first right to the generation and aggregation of CFP credits. This clarification would leverage the Section 9 framework

¹ <https://www.snopud.com/pud-partners-with-city-of-everett-hopeworks-on-ev-projects/>

to advance the CFP's goals through certain, equitable investments in TE.

Snohomish also suggests Ecology and the Department of Transportation (Transportation) incorporate utility input in developing the programs and projects list identified in Section 9(2)(a). Utilities will be able to invest CFP revenues that best serve the needs and interests of their communities while advancing the law's goals if the Ecology and Transportation develop a broad and expansive list.

CFP Credits Assigned to Electric Utilities

Clarify All Residential EV Charging to be Assigned to Electric Utilities

Snohomish has invested in clean and renewable energy resources and infrastructure since becoming an electric utility over 70 years ago. These investments have benefited our customers and communities with clean, affordable, and reliable electricity. Snohomish's electricity, when used to charge or refuel EVs, is some of the cleanest fuel in the state. The opportunities to reduce GHG emissions from the transportation sector by using electricity as a clean fuel is possible, largely, due to ongoing utility and customer investments in clean energy resources.

Section 4(6) requires rules to include "mechanisms that allow for the assignment of credits to an electric utility for electricity used... for residential electric vehicle charging..." Section 4(6) is not clear if *all* CFP credits for residential EV charging are to be assigned to participating electric utilities.

Snohomish suggests Ecology adopt rules clarifying *all* CFP credits for residential EV charging are to be assigned to participating electric utilities serving those residential customers. This clarification will recognize the decades of utility and customer investments in clean energy resources and benefits.

Electric Utilities and EV Charging Owned/Operated by Electric Utilities

Section 4(6) states electric utilities are to be assigned CFP credits "at minimum, for residential electric vehicle charging or fueling." Electric utilities, like any other participating entity, should be able to generate credits from all non-residential chargers located within and outside the utility's service area so long as the participating electric utility owns or operates that charging equipment.

Snohomish suggests rules that clarify participating electric utilities will be assigned CFP credits for non-residential chargers which they own or operate. We also suggest Ecology leverage electric utility subject expertise and experience in TE planning and investments by authorizing other participating CFP entities to assign their credits to an electric utility as an aggregator if they agree.

Utility CFP Expenditures May be in Addition to Existing TE Efforts

Snohomish adopted and has already begun implementing our TE Plan². We identified the programs and projects in our TE Plan as cost-effective according to RCW 54.16.430. Snohomish understands that electric utility investments of CFP revenues can be in addition to our existing programs and projects. Snohomish suggests Ecology ensure its rules are clear on this point in order to accelerate and

² https://www.snopud.com/wp-content/uploads/2021/08/ElectricTransPlan_720.pdf

maximize CFP investment impacts.

That clarity would effectively provide electric utilities the ability to expedite and expand upon TE investment benefits that may already be underway or that are above and beyond existing TE Plans.

The FMD is the Appropriate Method to Determine Utility GHG Emissions

Snohomish appreciates the requirement laid out in Section 4(1)(b)(ii) to measure GHG emissions specific to each electric utility, rather than a statewide average. Snohomish suggests Ecology utilize the fuel mix disclosure (FMD) (RCW 19.29A.060) to determine utility specific GHG emissions as noted in Section 4(1)(d). The FMD was updated by the Legislature in 2019, is an annual determination, and the data is publicly accessible.

Preserve Schedule for CFP Participants to Generate Credits

Snohomish does not have a position if Ecology should delay the first year of CFP compliance. However, if Ecology decides to delay compliance, Snohomish suggests Ecology preserve the ability for CFP participants to generate credits. CFP participants will be incentivized to invest early in clean transportation programs and projects if given the ability to generate credits.

Additional Credit Generating Activities

Section 6(1)(d) authorizes the generation of credits from smart vehicle charging technology that charges vehicles “when the carbon intensity of grid electricity is comparatively low.” Snohomish suggests also authorizing the ability to generate credits from smart charging when the demand for electricity is low. There are infrastructure and GHG emissions benefits from incentivizing customer demand during periods of low demand. This type of load shifting will grow in importance to mitigating cost and reliability impacts while pursuing the State’s GHG emissions reductions goals.

Sufficient Time to Analyze Rulemaking Materials is Needed to Provide Thorough Feedback

Sufficient stakeholder engagement and analysis are important to crafting comprehensive rules. Ecology’s materials from the October 6th CFP stakeholder workshop appear to state draft rules will not be distributed until the same day as the related rulemaking meeting.

Snohomish suggests Ecology distributes draft rule language and meeting materials at least one week prior to each rulemaking meeting. Considering the fast-paced nature of this rulemaking process, Snohomish believes a week should allow adequate time for stakeholder review to prepare thoughtful comments and questions ahead of each meeting.

Again, Snohomish PUD appreciates the opportunity to provide comments to the Department of Ecology on the rulemaking process for the Clean Fuel Program. Please feel free to contact us if you have any questions or would like to discuss our comments further.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kim Johnston", with a long horizontal flourish extending to the right.

Kim Johnston
Director of Government and External Affairs