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Washington Department of Ecology
Rule-making Comment Period
for the Climate Commitment Act Jan 18, 2021

Department of Commerce and Ecology

Congratulations on your significant work as you continue to develop the rules for the Climate Commitment Act (CCA). This is necessary and urgent work and is the only path to reaching climate goals as described by our State.

The specific comments in this letter are regarding natural gas in the building sector. I support the 2021 State Energy Strategy (SES) and its path for the building sector. This includes the reduction and eventual elimination of natural gas as a building heat and water heating fuel. Buildings can readily and quickly be electrified for heat and water heat sourcing. We have cold climate heat pumps as described in Appendix D in the SES. These revolutionary appliances, along with heat pump water heaters, describe a comprehensive decarbonization of the built environment, while offering up to half the cost to operate as natural gas appliances. These reduction milestones are described in the CCA: ♦ 45% by 2030, 70% by 2040, and 95% by 2050.

As I understand the CCA, tools are given to gas utilities to help subsidize these transitions, in the form of cap and trade auctions commencing in 2023. Any utility emitting over 25,000MT of CO₂e must participate. Utilities / entities exempt are also permitted to participate by "Opting In" to the program.

My concern is outlined here.

Our gas utility in Ellensburg, generally emits 38,000-44,000MT CO₂e each year. Those emissions are reported here:
<https://ghgdata.epa.gov/ghgp/service/facilityDetail/2019?id=1003428&ds=S&et=undefined&popup=true>

Part of those emissions include Central Washington University (CWU) emissions, we believe. We're not positive CWU emissions are included in the reporting for the Ellensburg Gas Utility because CWU emissions are reported separately on the Department of Ecology website located here:
<https://data.wa.gov/Natural-Resources-Environment/WA-GHG-Reporting-Multi-Year-Dataset/jbe2-ek4r/data>

CWU emits about 14,000MT of CO₂e each year from its natural gas boiler steam plant. What if in rule-making, you decide to segregate CWU emissions effectively removing those as part of the Ellensburg gas utility emissions? If that is the case, then that would reduce Ellensburg emissions to about 28,000MT, allowing the Ellensburg Gas Utility emissions baseline to skate close to the cut-off point of 25,000MT as currently described. All of this depends on what the Department of Ecology decides is the "Baseline" emission number for the Ellensburg gas utility, which hasn't been set yet.

As you are aware, the NW Gas Association, and the American Gas Association, are resisting the elimination of gas in buildings. We are concerned that the 25,000MT cut-off amount represents an opportunity for gas utilities like Ellensburg to find ways to "Opt Out". Part of the reason for this concern is because there can be a tendency for governing bodies to take the path of least resistance in response to recommendations from staff or representatives of other

agencies.❖

Another possibility is that a small gas utility will only participate in one (or two) compliance period(s). Then, when their emissions fall below 25,000MT, they can decide not to pursue CCA emissions reductions further and "Opt Out" of any further compliance periods. This would result in municipal gas utilities being allowed to continue selling gas to customers and eliminating transition support.

All of this leaves a community like Ellensburg (and Enumclaw and any other similar entity) in a situation that remains unresolved. For instance, you are aware of forecasts where natural gas becomes undeliverable because it suddenly has "No Value". Stranded assets, in natural gas fuel and appliances in homes and businesses, represent unknown futures if most, or all, of the rest of regional communities are transformatively transitioning away from natural gas in buildings.❖ Suddenly, a "tipping point" is reached❖ which allows old energy sources to collapse in value, or alternatively, cost too much to deliver. If gas suddenly has no profit or costs too much, who will deliver it to these customers that are effectively "left behind"?❖

These are real possibilities as the world continues to decarbonize. This kind of scenario would render the Ellensburg Gas Utility (and Enumclaw and potentially others) and its customers suddenly without natural gas and / or having to rely on the state to subsidize this fuel delivery indefinitely. How does this play out? I don't know, but I anticipate your work has described these kinds of possible outcomes.

Another benefit to residential and commercial building transitions to cold climate heat pumps is that these consumers then have not only up to 400% efficient heat sourcing, but air conditioning as well. Cold climate heat pumps cost up to \$ less to heat as compared to a 97% efficient natural gas furnace. The WSU Heat Source Calculator available online, can parse these comparisons easily. The benefits to customers are profound in reduced cost, clean indoor air, and in air conditioning and air filtration during summer heat and smoke events allowing residents to shelter in place. Go to <https://www.energy.wsu.edu/calcs/fuelcalc/default.asp>

Universal participation will also prevent any unwanted result(s) that might present if some pockets of customers are left behind; especially if those customers represent rural and / or equitable considerations.

Please consider finding ways to unequivocally include small gas utilities so that their participation is mandatory until the reductions in natural gas in buildings are phased out according to CCA milestones. "Opting Out" cannot be an option, in my view, so that everyone must participate equally.❖ In that way, all customers and communities will benefit from the CCA and the cap and trade auction funding.

I are grateful for our state's important work in beginning climate emissions reductions with the Climate Commitment Act, the ongoing rule-making, and the 2021 State Energy Strategy. We need this transformative work to commence and urgently.

Thank you for your consideration of these comments.

Sincerely,
Meghan Anderson