

July 13, 2022

Filed Via Web Portal

ATTN: JOSHUA GRICE
DEPARTMENT OF ECOLOGY
AIR QUALITY PROGRAM
P.O. BOX 47600
OLYMPIA WA 98504-7600

RE: Rulemaking - Chapter 173-446 WAC, Climate Commitment Act Program

Seattle City Light (City Light) appreciates the opportunity to comment on the proposed program rules for Chapter 173-446 WAC, Climate Commitment Act Program (Program).

Our comments are organized by key topic areas below.

Baseline and Allowance Allocation Calculations

Assuming that the intent of this rulemaking is to establish an accurate Program baseline and to develop an approach that reflects and compensates for the cost burden of the Program on utilities, we have identified elements within the proposed Program rules that we believe would conflict with this objective if they remain unchanged.

Baseline

There is currently a lack of alignment between the way that emissions are required to be calculated by electric utilities for reporting purposes and the way that Ecology has proposed to estimate those emissions for the baseline. Therefore, the baseline approach recommended by the Joint Utilities and the Western Power Trading Forum would be in closer alignment than the proposed approach.

Allowance Allocation

The current statute requires utilities to be compensated for the full cost burden of the Program. The proposed equation as is would fall short of meeting this objective for two reasons. First, it is missing key elements, e.g., administrative costs, that combined would comprise a significant portion of the actual cost burden realized by utilities. Administrative costs alone would include costs would stem from the initial establishment of the systems, processes, and procedures necessary for accurate reporting and compliance.

Second, similar to the issue mentioned above, there is currently a lack of alignment between the way that emissions are required to be calculated by electric utilities for reporting purposes and the way that

Ecology has proposed to estimate those emissions for allowance allocation. Depending on the utility, this lack in alignment would under- or over-estimate the actual cost burden realized.

To address these issues, we recommend Ecology consider adopting the alternative approach proposed by the Public Generating Pool (PGP), through their Climate Commitment Act (CCA) Cost Burden Template, which would capture all key cost elements, including the ones missing from the current proposal, and produce an emissions estimate that would be in closer alignment than the proposed approach.

Notification of Allocated Allowances

Utilities will require time to appropriately plan for the implementation of this new Program and to integrate the processes needed to manage any associated cost impacts to customers. Therefore, we urge Ecology to notify utilities about the quantity of allowances they should expect to receive as soon as possible.

Use of Funds from No-Cost Allowance Sales

As a public utility, please note that any revenue City Light generates from the sale of no-cost allowances would be used for our ratepayer benefit. Our Governing Body needs to retain the sole authority to determine the types of programs and amounts spent for our ratepayer benefit. Therefore, if Ecology plans to define a mechanism to track and monitor use of funds received from auctioning no-cost allowances, we encourage Ecology to work with utilities to establish the associated policies and procedures.

Offsets

As expressed in our previous informal comments¹, we are concerned about the costs, complexity, and level of buyer risk associated with offsets. We continue to encourage Ecology to consider the alternatives that we previously recommended.

We look forward to continued engagement with Ecology on this work. Thank you for the opportunity to comment.

Sincerely,

Kate Engel
Science Policy Manager
Seattle City Light

Cc: Mike Haynes, Assistance General Manager
Mendy Droke, State Government Relations
Kiyomi Morris, Greenhouse Gas Strategic Advisor

(1) Rulemaking – Informal Comment Period on Climate Commitment Act Program, Chapter 173-446 WAC; [Seattle City Light \(Submitted 1/26/2022\)](#)