Northwest Requirements Utilities

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August 15, 2025

Submitted via web portal: https://ecology.commentinput.com/?id=x2VP3cC5uQ

RE: NRU Comments in response to the Cap-and-Invest Electric utility allocation public workshop on July 22, 2025

Thank you for the opportunity to provide comments on the Department of Ecology's July 22nd workshop on Cap-and-Invest electric utility allocation. Northwest Requirements Utilities (NRU) is a trade association representing 57 Bonneville Power Administration (BPA) preference customers, including 18 utilities in Washington State.

ALLOWANCE ADJUSTMENT GUIDELINES

NRU supports Ecology's proposal to maintain the current approach of not making allowance adjustments for market optimization that reduces covered emissions or cost burden relative to best-estimate forecasts and overachievement in decarbonization or efficiency that reduces emissions or load relative to forecasts.

These provisions appropriately preserve incentives for efficiency and demand-side programs. However, we recommend revising the "may consider adjustments" criteria by removing the proposed 15% divergence threshold. Instead, Ecology should limit adjustments to situations where:

- A utility requests the adjustment, or
- A utility's forecasts differ materially from other recent forecasts without clear explanation.

This approach also preserves incentives for efficiency and demand-side programs while ensuring adjustments are targeted, transparent, and limited in number.

SECOND COMPLIANCE PERIOD RULE ADJUSTMENTS

NRU supports pursuing rule amendments that enhance certainty by limiting backward-looking allowance adjustments. At the same time, certain forward-looking adjustments should remain available to ensure allocations reflect actual cost burdens. These include:

- Updates for BPA customers to reflect the actual BPA ACS emissions factor for the year.
- Adjustments for changes in load or resource forecasts, such as discrete large loads or new generation assets.

These targeted, forward-looking updates will help ensure the program remains fair, accurate, and reflective of real-world conditions.

We appreciate Ecology's continued engagement with utilities throughout the allocation rulemaking process. By maintaining clear, predictable rules the Cap-and-Invest program can both protect ratepayers and support Washington's decarbonization goals.

Sincerely,

Emily Traetow
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