



August 15, 2025

Seattle City Light Comments RE: No-Cost Allowance Allocation for Electric Utilities

Seattle City Light appreciates the opportunity to comment on the Washington State Department of Ecology's (Ecology) request for feedback on the July 22, 2025, workshop on No-Cost Allowance Allocation for Electric Utilities. City Light is a member of the Public Generating Pool (PGP) and supports its detailed comments and responses to Ecology's questions; we offer additional, limited comments below to on several areas of interest.

Consignment Requirements

City Light agrees with the PGP recommendation that utilities should not be required to consign no-cost allowances. If Ecology has a continued interest in considering a consignment requirement, City Light believes this topic would benefit from additional discussion in upcoming workshops, with opportunities for Ecology and stakeholders to present more detail on their perspectives of the potential benefits or disadvantages of consignment of no-cost allowances. This format would also allow stakeholders to ask additional questions of one another and to seek clarity on varying perspectives. City Light believes this approach would provide insight on a number of issues, including how a consignment requirement might create new cost risks or administrative burdens for utilities and whether a consignment requirement would provide additional allowance market liquidity benefits that are not already achieved through the current holding limits.

Use of Proceeds from Consigned Allowances

City Light believes it would be useful to have guidance on the use of proceeds from consigned allowances that provides illustrative examples. Further, it would be useful to understand how the use of proceeds from consigned allowances might interface with any consignment requirements under considerations.

Forecast for Second Compliance Period

City Light does not believe it is necessary for Ecology to provide guidance on the treatment of storage, demand response, distributed resources and energy efficiency programs. These items are inputs into City Light's load forecasting and integrated resource planning processes. Because of the critical role these forecasts and planning tools play in City Light's operations and finances, it is important that how we treat storage, demand response, distributed energy resources, and energy efficiency programs is aligned with how we believe these items will actually impact supply and demand. We are concerned that guidance from Ecology on the treatment of these items could conflict with our understanding of how to assess these elements for application to our system or could conflict with other requirements for planning and operations. Moreover, it is unclear that there a standard treatment that could be applied to all utilities, as the assumptions would likely vary based on the specific location and circumstances of each utility.

If Ecology moves forward with providing guidance on this area, we ask for additional discussion on this topic so that stakeholders can provide the necessary context to ensure that the guidance developed by Ecology does not conflict with our existing requirements or limit our ability to best shape the planning and forecasting tools to the specific needs of each utility's service territory and load and resource profiles.

Conclusion

City Light appreciates the opportunity to provide feedback on these important issues. We look forward to continued engagement with Ecology and other stakeholders throughout this process.