

December 5, 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 November 13, 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; additionally, we offer limited comments below on several areas of interest.

General Comments

City Light supports and appreciates Ecology's work over the past two years to provide greater clarity on the allowance allocation and on our potential reporting and compliance obligations. These efforts have provided greater certainty, which helps City Light and other utilities to plan for how we can best serve our customers at least cost. In this vein, while City Light is generally supportive of Ecology's proposals presented at the November 13 workshop, City Light respectfully requests additional discussion of the details of these proposals, in order to ensure that there is clarity regarding the proposals and their potential implications for future allocations and obligations.

BPA ACS Emissions Factor

City Light asks Ecology to clarify its proposal to apply an ACS emission factor of 0.05 MTCO₂e/MWh to BPA for the 2027-2030 allocation schedule. As proposed, it is unclear whether Ecology intends to utilize the 0.05 MTCO₂e/MWh emissions factor across the entire compliance period without adjustment, or if it would be adjusted in the annual allocation to account for BPA's *actual* ACS emissions rate.

City Light's BPA purchase accounts for roughly 40% of our electric supply, thus, this calculation has significant implications for our overall allocation, and the potential costs to our customers. We support continuing the current practice, which updates the ACS emission factor annually in the allowance allocation. This approach best reflects the potential compliance obligation associated with our BPA purchase, ensuring that we do not receive allowances not needed for compliance with that portion of our portfolio and that we do not have to purchase additional allowances due to factors outside of our control.

Consignment Requirements

While City Light does not oppose the potential narrowly-scoped consignment requirement concept on its face, we request additional detail on how the requirement would be interpreted and implemented. For example, currently, it is unclear if allowances can be retained for compliance in future years, or if the compliance requirement would be calculated for each year. If Ecology intends for this to be an annual requirement, City Light presumes that utilities would not be required to consign allowances until after our compliance obligation is known for any given year, because the number that would need to be

consigned could not be calculated until that time. If that is not the case, we ask Ecology to explain how the requirement would be imposed prior to knowing the compliance obligation. Additionally, we ask that Ecology provide additional discussion on what it anticipates for the “increased percentage for 2031 and beyond.”

Additionally, if Ecology imposes a compliance requirement, City Light suggests that Ecology should set a floor for the minimum number of allowances that would trigger consignment. Utilities required to consign allowances will have to undertake administrative and financial processes to complete the consignment as well as to receive and utilize any auction proceeds. A minimum threshold would help to ensure that utilities are not required to take on financial and administrative burdens that would exceed benefits that could be achieved with the auctions proceeds.

Finally, we renew our request that Ecology utilize a future workshop to allow stakeholders to present more detail on 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, any anticipated impacts on organized market participation, and the anticipated benefits to the allowance market.

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.