



Washington State Clean Energy Transformation Act

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Utilities and Transportation Commission

Clean Energy Transformation Act (2019 E2SSB 5116; RCW 19.405)

- Clean
- Affordable
- Reliable
- Equitable

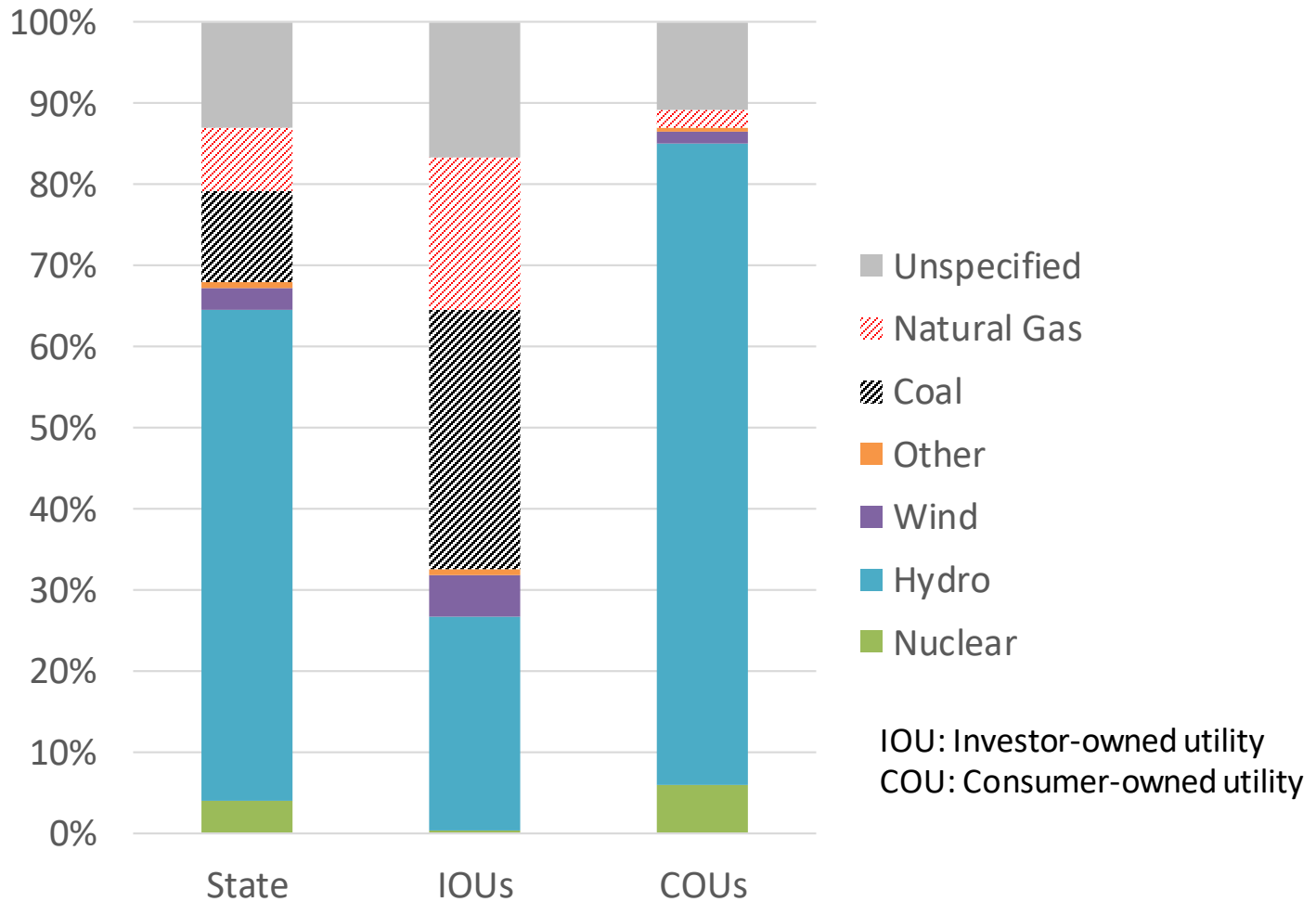


Transition to 100% clean electricity

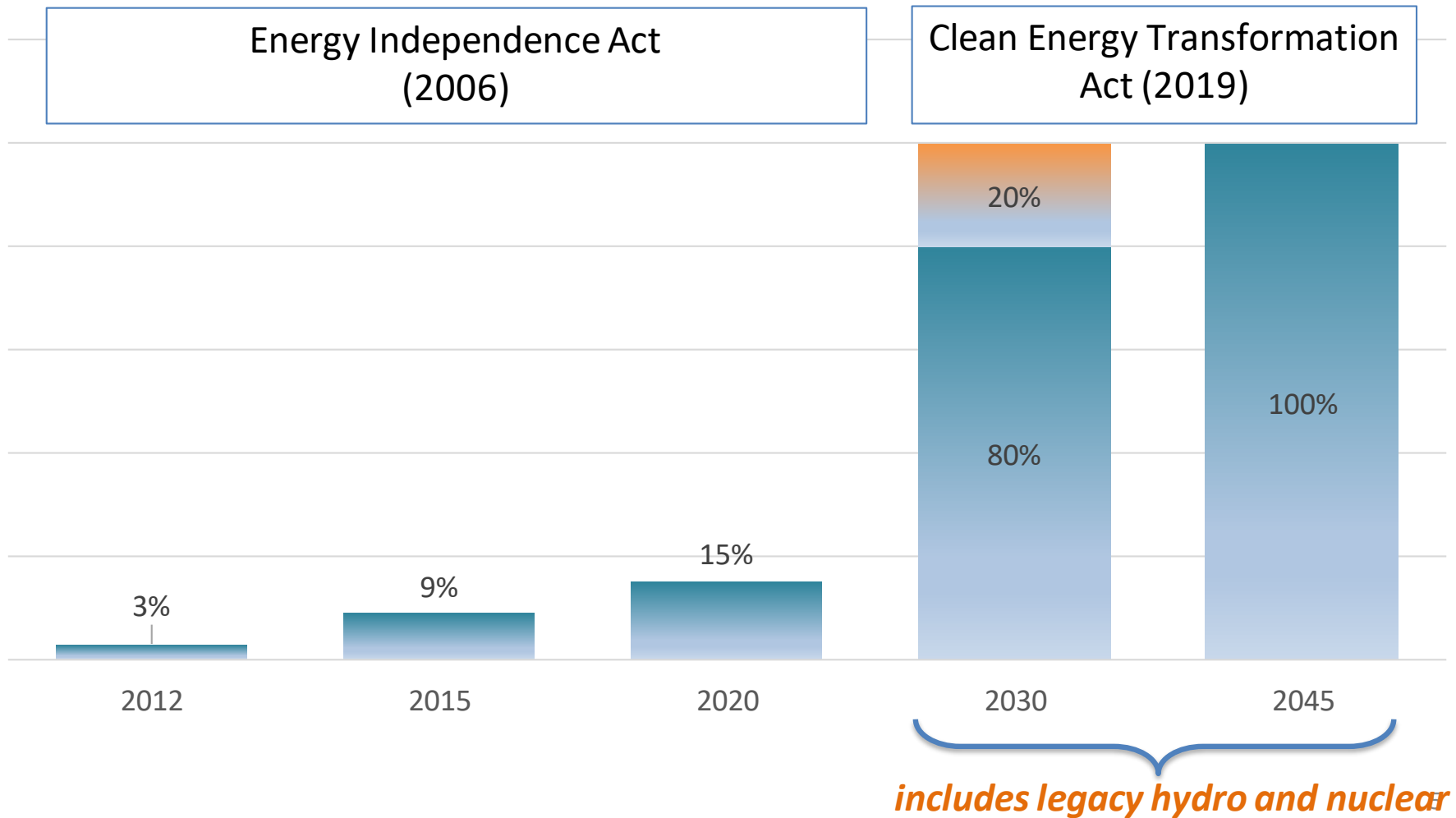
- 2025: Eliminate coal from retail portfolios
- 2030: Greenhouse gas neutral standard
 - At least 80 percent of electricity delivered to load must be renewable or non-emitting
 - Alternative compliance options for up to 20 percent
- 2045: 100 percent renewable or non-emitting retail electricity supply



Washington's current resource mix



CETA removes carbon from WA electricity



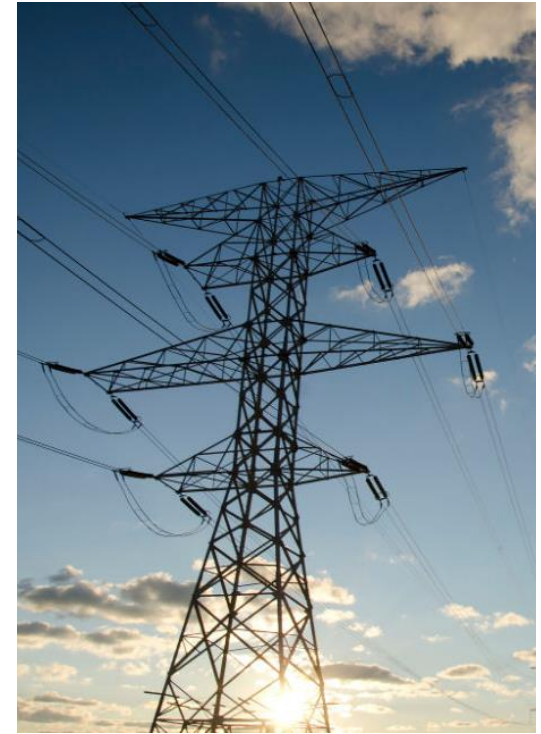
Resource eligibility under CETA

- **Eligible under existing RPS**
 - Federal incremental hydro
 - Utility-owned incremental hydro
 - Wind, solar, biomass, etc.
- **Eligible under CETA**
 - All of the above
 - Legacy (base) hydro, regardless of ownership or location
 - Non-emitting (nuclear)



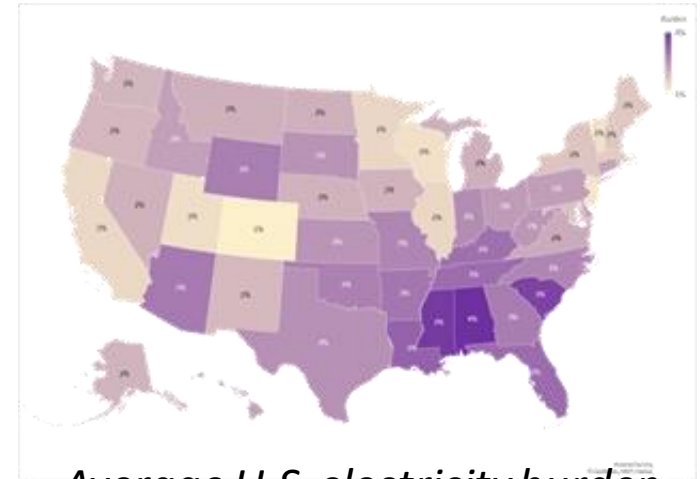
Safeguards for rates, reliability and vulnerable populations

- Allows utilities to limit growth of compliance costs to 2 percent of retail rates
- Regular assessment of reliability by Commerce in consultation with experts and stakeholders
- Allows temporary suspension to protect reliability

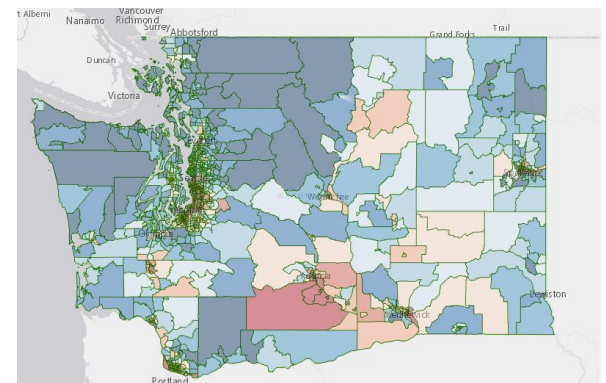


Safeguards for rates, vulnerable populations, and reliability

- Requires utilities provide energy assistance to low-income customers
- Requires assessment of energy burden and adequacy of energy assistance programs
 - Commerce will map data
- Prioritizing vulnerable communities guided by cumulative impact analysis of environmental and health disparities (Washington Tracking Network)



Average U.S. electricity burden



Environmental health disparities (WTN)

Markets Work Group

(RCW 19.405.130(1)(a), (b))

- Workgroup completed examination of:
 - Integration of CETA with electricity and carbon markets
 - Alignment with cap-and-trade states to prevent double-counting
- Recommendation/report submitted May 2021
 - [Docket UE-190760](#)



Use & Double Counting Rulemaking

(RCW 19.405.130(3)):

“The department and the commission must adopt rules by June 30, 2022, defining requirements, including appropriate specification, verification, and reporting requirements, for the following: (a) Retail electric load met with market purchases and the western energy imbalance market or other centralized market administered by a market operator for the purposes of RCW [19.405.030](#) through [19.405.050](#); and (b) to address the prohibition on double counting of nonpower attributes under RCW [19.405.040](#)(1) that could occur under other programs. With respect to purchases from the western energy imbalance market or other centralized market, the department and the commission must consult with the market operator and market participants to consider options that support the objectives of this chapter and the efficient dispatch of the generation resources dispatched by those markets.”

Use & Double Counting Rulemaking

- UTC: [Docket UE-210183](#), Commerce: [Webpage](#)
- Second Version of Draft Rules released Jan. 19, 2022
- Clarifies “use” of electricity to meet 2030 standard (80% clean) in RCW 19.405.040(1):

“...an electric utility must demonstrate its compliance with this standard **using** a combination of nonemitting electric generation and electricity from renewable resources, or alternative compliance options, ... an electric utility must: ... (ii) **use electricity** from renewable resources and nonemitting electric generation in an amount equal to one hundred percent of the utility's retail electric loads over each multiyear compliance period.”

- Requires utility demonstration of 80% standard through planning and mid- and long-term resource acquisition in bilateral market
- Based on resource delivery ability with flexibility for market optimization

Use & Double Counting Rulemaking

- **2045 Standard (100% clean) in RCW 19.405.050(1):**

“It is the policy of the state that nonemitting electric generation and electricity from renewable resources supply one hundred percent of all sales of electricity to Washington retail electric customers by January 1, 2045. By January 1, 2045, and each year thereafter, each electric utility must demonstrate its compliance with this standard using a combination of nonemitting electric generation and electricity from renewable resources.”
- Requires utility demonstration of 100% clean energy for all load service, including losses

Use & Double Counting Rulemaking

- **Preventing Double Counting:**
 - Unbundled RECs may be used for alternative compliance, e.g., up to 20% of compliance obligation
 - Utility must demonstrate:
 - Electricity from unbundled RECs sold without claim on non-power attributes
 - Electricity used for CETA compliance may not be claimed as zero emission source or given a renewable emissions rate under a GHG program out of state



Key dates in CETA

- **Dec. 2020** – Agencies completed initial rules
- **Jan. 2022** – Utilities submit initial clean energy implementation plans
- **June 30, 2022** – Agencies complete use, double counting and markets rules (RCW 19.405.130(3))
- **Dec. 2025** – Deadline to remove coal from portfolios
- **Jan. 2026** – Second CEIP
- **2030** – GHG Neutral standard effective
- **2045** – 100% Clean Electricity standard effective

Agency implementation work

- Utilities and Transportation Commission
utc.wa.gov/cleanenergy
- WA Department of Commerce
commerce.wa.gov/ceta