

# CETA: A Brief Overview

The Clean Energy Transformation Act (CETA) applies to all electric utilities serving retail customers in Washington and sets specific milestones to reach the required 100% clean electricity supply. The first milestone is in 2022, when each utility must prepare and publish a clean energy implementation plan with its own targets for energy efficiency and renewable energy.

By 2025, utilities must eliminate coal-fired electricity from their state portfolios. The first 100% clean standard applies in 2030. The 2030 standard is greenhouse gas neutral, which means utilities have flexibility to use limited amounts of electricity from natural gas if it is offset by other actions. By 2045, utilities must supply Washington customers with electricity that is 100% renewable or non-emitting, with no provision for offsets.

CETA includes safeguards to protect consumers from excessive rates or unreliable service. Utilities may adopt a slower transition path if necessary to avoid rate shock, and they must improve assistance programs for low-income households. The law provides for short-term waivers of the standards if needed to protect reliability.

## Many Agencies and Stakeholders

CETA is a complex law requiring transformation of an essential service, electricity. Many agencies and stakeholders are working together to achieve its objectives. Commerce will work closely with the Utilities and Transportation Commission (UTC), which regulates the rates and service of investor-owned utilities. Other state agencies include the State Auditor and the departments of Ecology and Health.

More than 60 electric utilities must comply with CETA. Interested stakeholders include business customers, low-income and vulnerable communities, consumers, environmental advocates and renewable energy developers.

## Key Roles for Commerce

CETA includes many responsibilities for Commerce. Often the additional work builds on the agency's role in leading energy policy development and its role in the existing clean energy law, the Energy Independence Act (EIA, also known as I-937).

- **Assessing energy burden and energy assistance** (Sec. 12). Commerce will be collecting information on the energy assistance offered by electric utilities, the energy burden of low-income households and the need for more assistance. Starting in 2020, we will publish a statewide summary and evaluate the effectiveness of assistance mechanisms. Commerce will work closely with advocates for vulnerable populations, low-income households and utilities.

- **Engaging stakeholders on state energy strategy and programs** (Sec. 22 and 23). Commerce will convene two broad-based policy development groups. The Energy Strategy Advisory Committee will review state strategies, in particular the alignment of CETA with the state's greenhouse gas reduction targets. The Energy and Climate Policy Advisory Committee will review energy programs. These committees will complete work by the end of 2020.
- **Establishing reporting requirements for utilities** (Sec. 10). By 2021, Commerce will adopt formal rules for all electric utilities to report compliance with the planning and standards of CETA. These reports will be aligned with existing EIA reports and requirements to publish integrated resource plans.
- **Adopting cost methodology rules** (Sec. 6). CETA protects customers from cost increases of more than 2% per year. Commerce and the UTC will develop rules by 2021 to define this mechanism and the costs that count toward this limit. Commerce will establish a greenhouse gas cost value that consumer-owned utilities will use in planning and resource decisions.
- **Improving wholesale market mechanisms** (Sec. 13). Commerce and the UTC will adopt rules by 2022 for verification and reporting of power transactions within the growing organized western wholesale market. The rules will ensure that clean energy is not double-counted between Washington and states with carbon cap and trade programs.
- **Monitoring the impact of CETA on electric reliability and rates** (Sec. 8). Beginning in 2024, Commerce will prepare a detailed report to the Legislature on the effects of CETA. The report will assess both anticipated rate impacts and any effects on the reliability of the electric grid. Commerce will work closely with the UTC, utilities, regional planning and reliability organizations, as well as interested stakeholders.