

# Clean Energy Transformation Act (CETA)

Interim Assessment

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Washington State  
Department of  
**Commerce**

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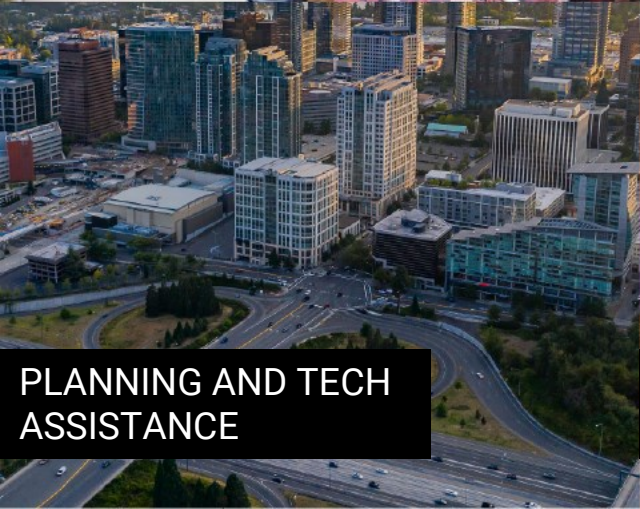
**INFRASTRUCTURE AND BROADBAND**



**SMALL BUSINESS ASSISTANCE**



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**PLANNING AND TECH ASSISTANCE**



**COMMUNITY SERVICES AND FACILITIES**



**CRIME VICTIMS AND PUBLIC SAFETY**



**ECONOMIC DEVELOPMENT**

# **The Clean Energy Transformation Act (CETA)**

Washington's 100% clean electricity law (2019)



# Clean Energy Transformation Act (CETA)

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- Clean
- Affordable
- Reliable
- Equitable





# CETA's three clean energy standards

Applies to all electric utilities serving retail customers in the state

- 2025: Eliminate coal from retail portfolios
- 2030: Greenhouse gas neutral standard
  - Use electricity from renewable or non-emitting sources in an amount equal to 80% of retail WA load
  - Alternative compliance options for up to 20%
- 2045: 100% renewable or non-emitting retail electricity supply



# Enhanced emphasis on resource adequacy

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- Utilities must adopt an explicit resource adequacy standard and apply it in resource planning
- Allows temporary suspension to protect reliability
- Regular assessment by Commerce of reliability and resource adequacy
  - Includes consultation with experts and stakeholders

# Planning and compliance rules

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- **Clean energy implementation plans**
  - Prepared at start of each 4-year period, starting 2022
  - Specific targets and actions
  - Indicators to evaluate equity and distributional impacts
  - Public process for development
- **Compliance or performance reports**
  - Prepared at end of each 4-year period, starting 2026
  - Annual reports on fuel mix and GHG content

# An equitable and affordable transformation

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- Legislative finding that “public interest” includes equitable distribution of benefits
- Among other things, utilities must
  - Consider non-energy impacts in resource decisions
  - Assess impacts on vulnerable populations and highly impacted communities
- Standards incorporate equitable distribution goals



# Implementation updates

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- Commerce and UTC conclude rulemaking with a few issues still outstanding at the UTC.
- Utilities submitted first 4-year planning documents on Jan. 1, 2022
  - Avista Corp. and PSE have finalized their plans
  - PacifiCorp's planning document continues to be litigated
  - COUs are having their planning documents reviewed by State Auditor

# CETA Interim Assessment

RCW 19.405.080



# CETA interim assessment

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- RCW 19.405.080 requires Commerce to review and evaluate the law every four years, starting Jan. 1, 2024.

# Interim assessment requirements

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- Review of the clean electricity standards
- An evaluation of reliability
- An evaluation of financial impacts
- An evaluation of potential new technologies, and
- An assessment of impacts on specifically identified customer groups

# Interim assessment context

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- The 2024 assessment occurs before any of CETA's three clean electricity standards take effect.
- It may be difficult at this phase of CETA's implementation to discern any specific and substantial impact of CETA itself



# Interim assessment context

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- In the time since CETA was enacted, Washington has enacted and implemented the Climate Commitment Act, an economy-wide regulation of greenhouse gas emissions that covers entities that generate or import electricity in Washington.

# Interim assessment context

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- In addition, the federal government has enacted significant tax and incentive provisions encouraging the development of renewable and non-emitting energy resources to replace fossil fuels.

# Interim assessment context

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- It may be difficult at this phase of CETA's implementation to discern any specific and substantial impact of CETA itself.

# **Request for information and public comment opportunity**

Aug. 11 through Sept. 15



# Request for information

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- Commerce requests that stakeholders identify any published study, report, or other analysis that should be considered in conducting the analysis required by RCW 19.405.080.



# Opportunity for public comment

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- Commerce invited stakeholders to provide written comments concerning the topics identified in RCW 19.405.080

# Written comments received

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- Renewable Hydrogen Alliance
- Snohomish Public Utility District
- Avista
- Puget Sound Energy (PSE)
- Public Generating Pool (PGP)
- Joint Utilities (NW Requirements Utilities, PGP, PSE)
- Bonneville Power Administration
- Renewable Northwest

# Public comment summary



# 2025 no coal standard

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- Concern that the 2025 No Coal Standard is incompatible with wholesale power markets and system purchases
- Stakeholder suggestions:
  - Extend the existing no-coal standard exemption for short-term contracts to all contracts where the source of the electricity is unknown.
  - Exempt retail utilities from having to provide documentation that they did not use coal-fired resources through system power purchases
  - Clarify that existing hedging practices are permissible

# Organized markets

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- As the Northwest explores joining an existing organized market, or creating a new organized market, the compatibility and functionality with CETA must be a core principle of any such effort.
- Stakeholder suggestions:
  - Commerce should hold meaningful public engagement through rulemakings to seek the input of energy industry stakeholders with expertise in market development and participation, and to provide clarity regarding the role organized markets can play regarding compliance with the CETA standards.



# Resource adequacy

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- CETA has placed increase emphasis on resource adequacy and it remains a priority for the region:
- Stakeholder suggestions:
  - Continue to monitor resource adequacy
  - Continue to monitor participation in the Western Resource Adequacy Program
  - Adopt new methods and metrics for resource adequacy
  - Continue to evaluate emerging clean technologies to support resource adequacy

# Transmission

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- We need improved transmission planning and development across the West
- Stakeholder suggestions:
  - Take steps toward more comprehensive understanding of transmission needs, and what deliberative steps can be taken to expand transmission capacity
  - Consult with Northern Grid
  - Continue to work on siting and permitting challenges

# Ecology rules on energy transformation projects

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- Concern that implementation of Ecology's Energy Transformation Project rule (173-444 WAC ) is a barrier to implementation of the 2030 GHG Neutral Standard
- Stakeholder suggestions:
  - Publishing a list of eligible program categories
  - Establish a comprehensive protocol and third-party verifier guidance document with the requisite public processes

# Crosscutting policies

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- **CETA, Energy Independence Act (I-937), and Climate Commitment Act (CCA) have overlapping elements**
  - Stakeholder suggestions:
    - Continue to assess the impacts of these overlapping policies and make sure they are not working at cross-purposes.
    - To the extent possible, Commerce and Ecology should work together to ensure utilities can focus time and resources on ensuring compliance with CETA.
    - Each policy's reporting timelines should be examined to avoid potential conflicts and timing inefficiencies.

# Other comments

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- Greenhouse gas content calculation (RCW 19.405.070)
- Conflicts in regulatory timelines and commercial timelines

# Other comments?

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- Review of the clean electricity standards
- An evaluation of reliability
- An evaluation of financial impacts
- An evaluation of potential new technologies, and
- An assessment of impacts on specifically identified customer groups

**Next steps**



# Next steps

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- Commerce will take feedback from this workshop and the written comments and develop a report for the Legislature
- Report deadline: Jan. 1, 2024



# Thank you!

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