

# Washington's 2019 Clean Energy Legislation

Clean Energy Transformation Act

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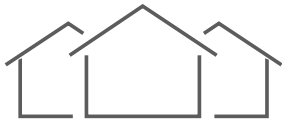
JANUARY 06, 2021



Washington State  
Department of  
**Commerce**

# We strengthen communities

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**HOUSING  
HOMELESSNESS**



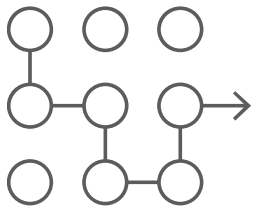
**INFRASTRUCTURE**



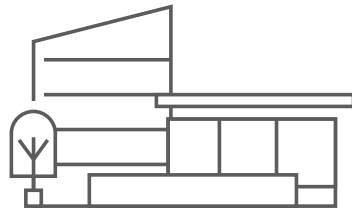
**BUSINESS  
ASSISTANCE**



**ENERGY**



**PLANNING**



**COMMUNITY FACILITIES**

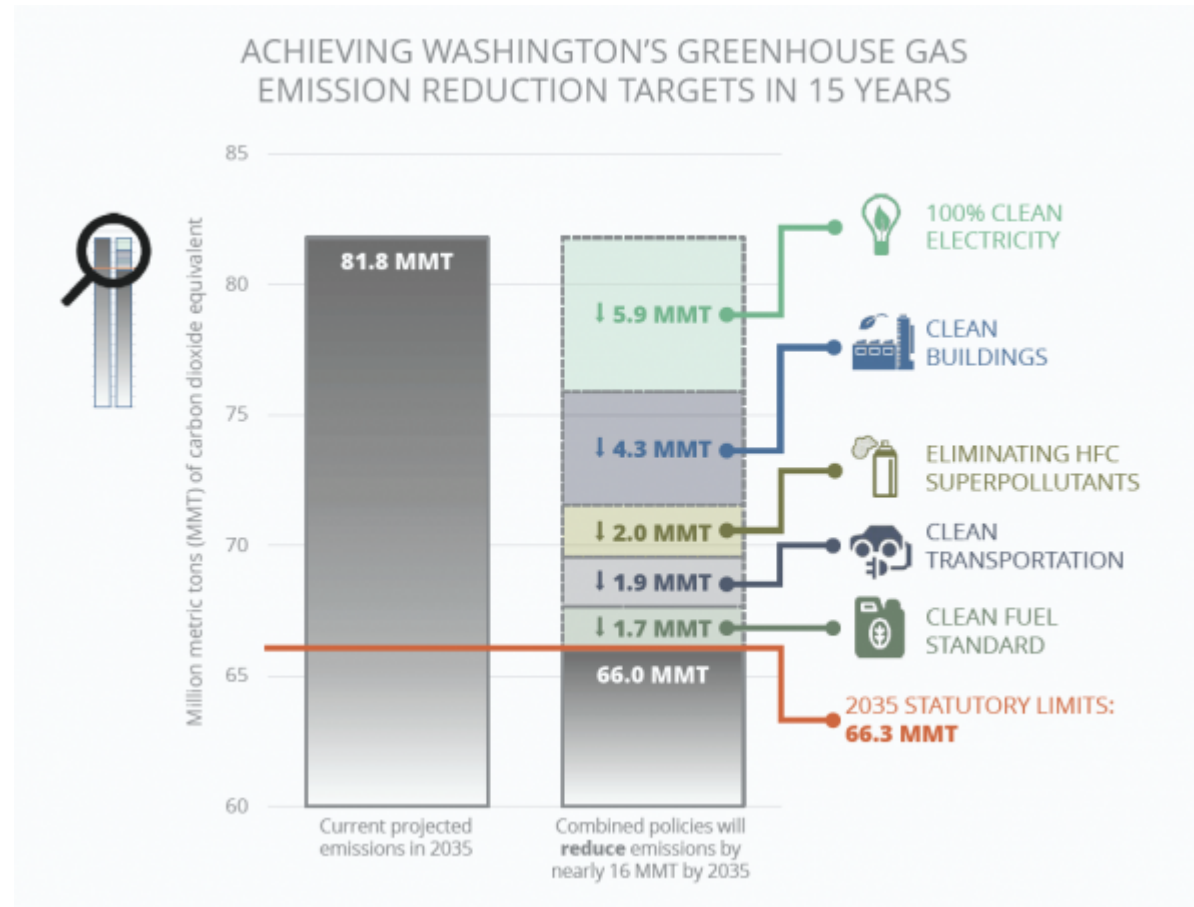


**CRIME VICTIMS &  
PUBLIC SAFETY**



**COMMUNITY  
SERVICES**

# Clean electricity is key to emissions limits



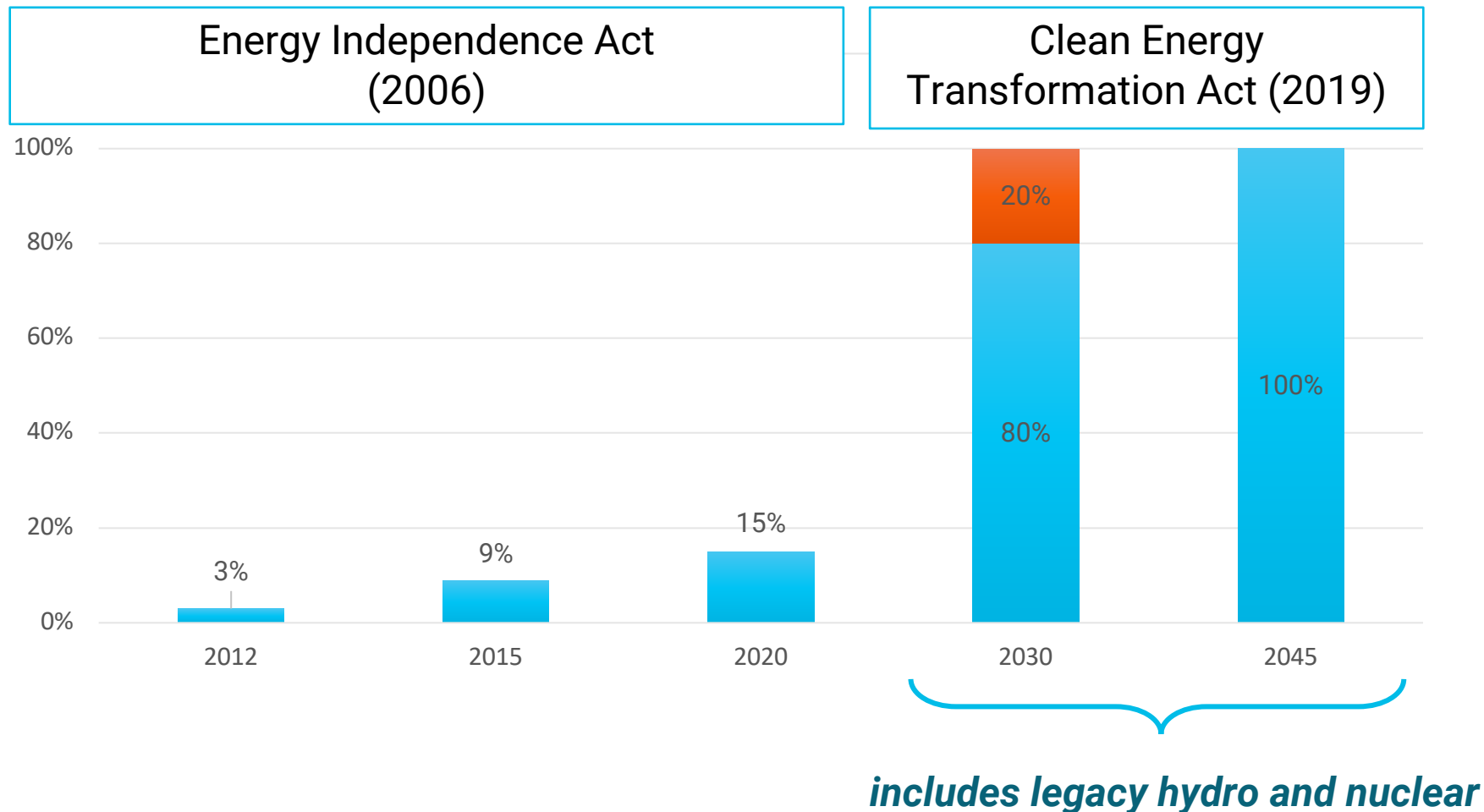
# Transition to 100% clean electricity

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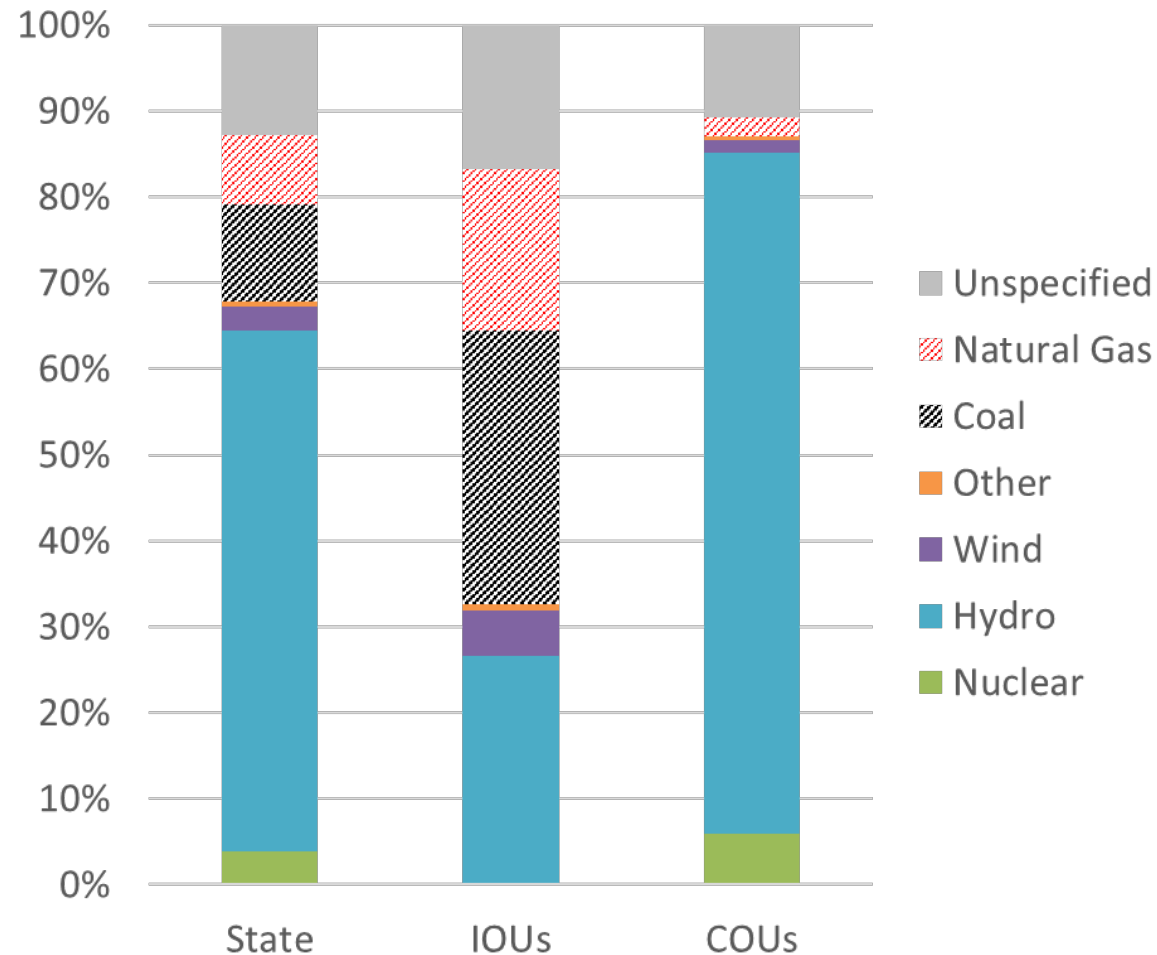
- 2025: Eliminate coal
- 2030: Greenhouse gas neutral standard
  - At least **80 percent** of electricity delivered must be renewable or non-emitting
  - Alternative compliance options for up to **20 percent**
- 2045: **100 percent** renewable or non-emitting retail electricity supply



# CETA removes carbon from WA electricity



# WA's current resource mix



*IOU = investor owned utilities*

*COU= consumer owned utilities*

# Clean Energy Transformation Act Implementation

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- Passed in 2019 legislative session as part of suite of clean energy legislation
- Pre-rulemaking stakeholder outreach and workshops began July 2019
  - 24 total workshops
- Final rule for majority of provisions filed December 30, 2020 (effective January 31, 2021).

# Multiple agencies involved with CETA

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- Commerce – Consumer-owned utilities
  - AG: Enforcement
  - SAO: Compliance
- Utilities and Transportation Commission – Investor-owned utilities
- Ecology – Energy transformation projects and GHG emissions protocol
- Health – Cumulative impact analysis on health and environmental disparities of climate change and fossil fuels
- Labor – Tax incentives for renewable energy development requiring labor standards (i.e. prevailing wages, community workforce agreement or project labor agreement)



# Clean Energy Transformation Act (CETA)

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- **Clean**
- **Affordable**
- **Reliable**
- **Equitable**



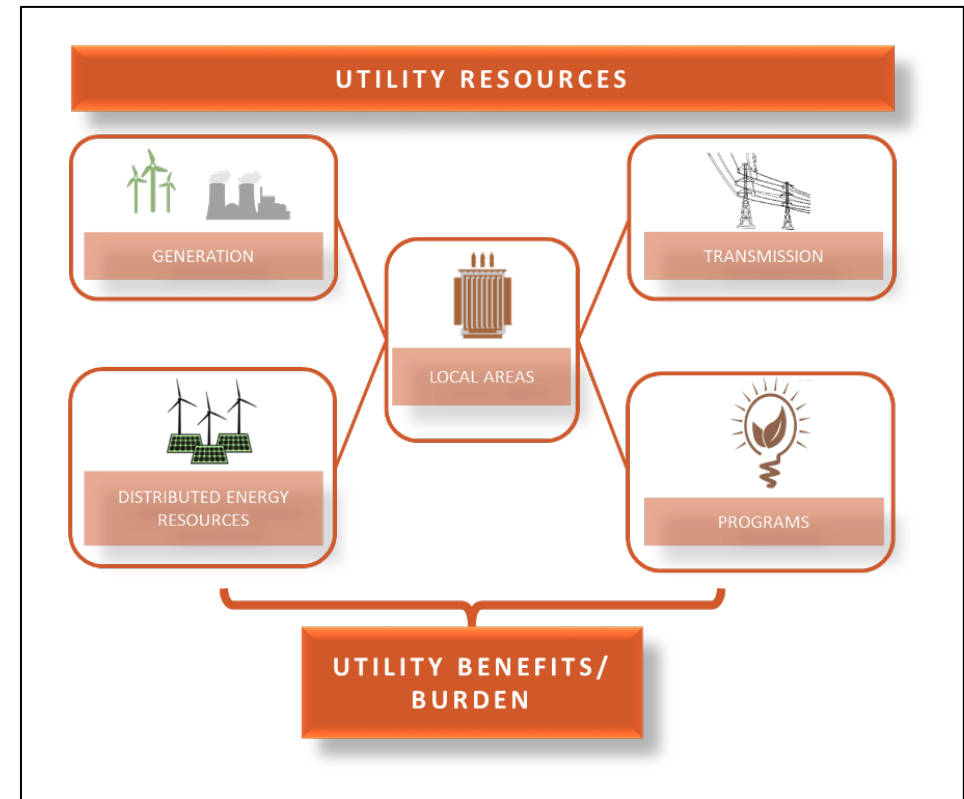
# An equitable transformation

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- Legislative finding that “public interest” includes equitable distribution. Utilities must:
  - Consider non-energy impacts in resource decisions
  - Assess impacts on vulnerable populations and highly impacted communities
  - Standards incorporate equitable distribution goals
  - Incorporate CIA into long term planning
- Rules provide process for ensuring equitable distribution:
  - Identify communities and develop indicators through a public process
  - Forecast impacts of EE, RE and DR targets

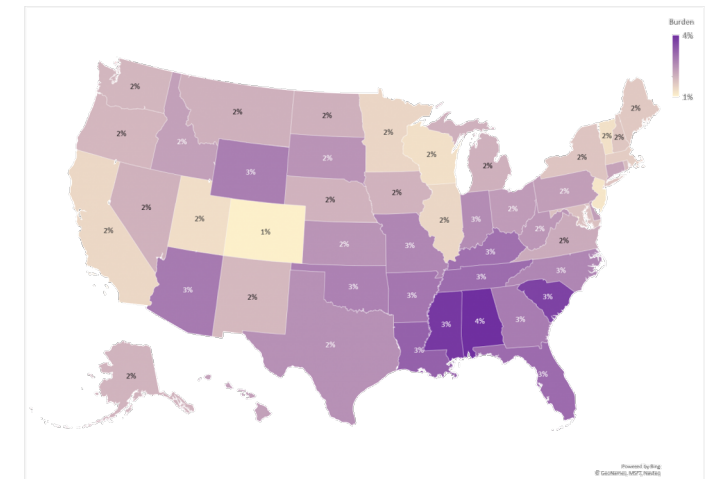
# Informal guidance for equity provisions

- Discussion of main concepts:
  - Highly impacted communities
  - Vulnerable populations
  - Indicators
  - Equitable distribution of energy and non-energy benefits
  - Public participation



# Roadmap for increasing coverage of low-income energy assistance programs

- Requires utilities provide energy assistance to low-income customers by July 2021, focusing on high energy burden
- Requires assessment of energy burden and adequacy of energy assistance programs
  - Commerce will collect and update statewide data biennially
  - Also use data dashboard from US DOE, Low-Income Energy Affordability Data (LEAD) Tool



### Average U.S. electricity burden

# Planning and compliance provisions

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

# Safeguards for rates and reliability

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- 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
- Work to align with cap and trade states (i.e., CA/OR) to prevent double-counting

# Implementation challenges

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- Equity provisions are fresh issues
- Oversight shift from ex-post focus to planning
- Roles and authority of two agencies
- State policy and organized markets
- Planning and reporting for very small utilities
- Roles of elected boards of public/municipal utilities
- Expectations for regulators and staff

# Other reports as part of CETA

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- State Energy Strategy
- Energy and Climate Policy Advisory Committee





# Future work under CETA

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- Interpretation of requirement to “use” electricity
- Definitions for low income and energy assistance need and energy assistance reporting
- Accounting for energy storage
- Carbon and electricity markets workgroup
- Transmission corridors workgroup
- Incorporating environmental impacts in resource plans
- Clean energy transformation projects
- Electric resource adequacy meeting and 2024 report

# Want to know more?

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Commerce CETA website:  
<http://www.commerce.wa.gov/ceta>

Commerce low-income energy  
assistance program website:  
<http://www.commerce.wa.gov/ceta-2>

UTC CETA website:  
<https://www.utc.wa.gov/regulatedIndustries/utilities/energy/Pages/CleanEnergy.aspx>



# Thank you!

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