

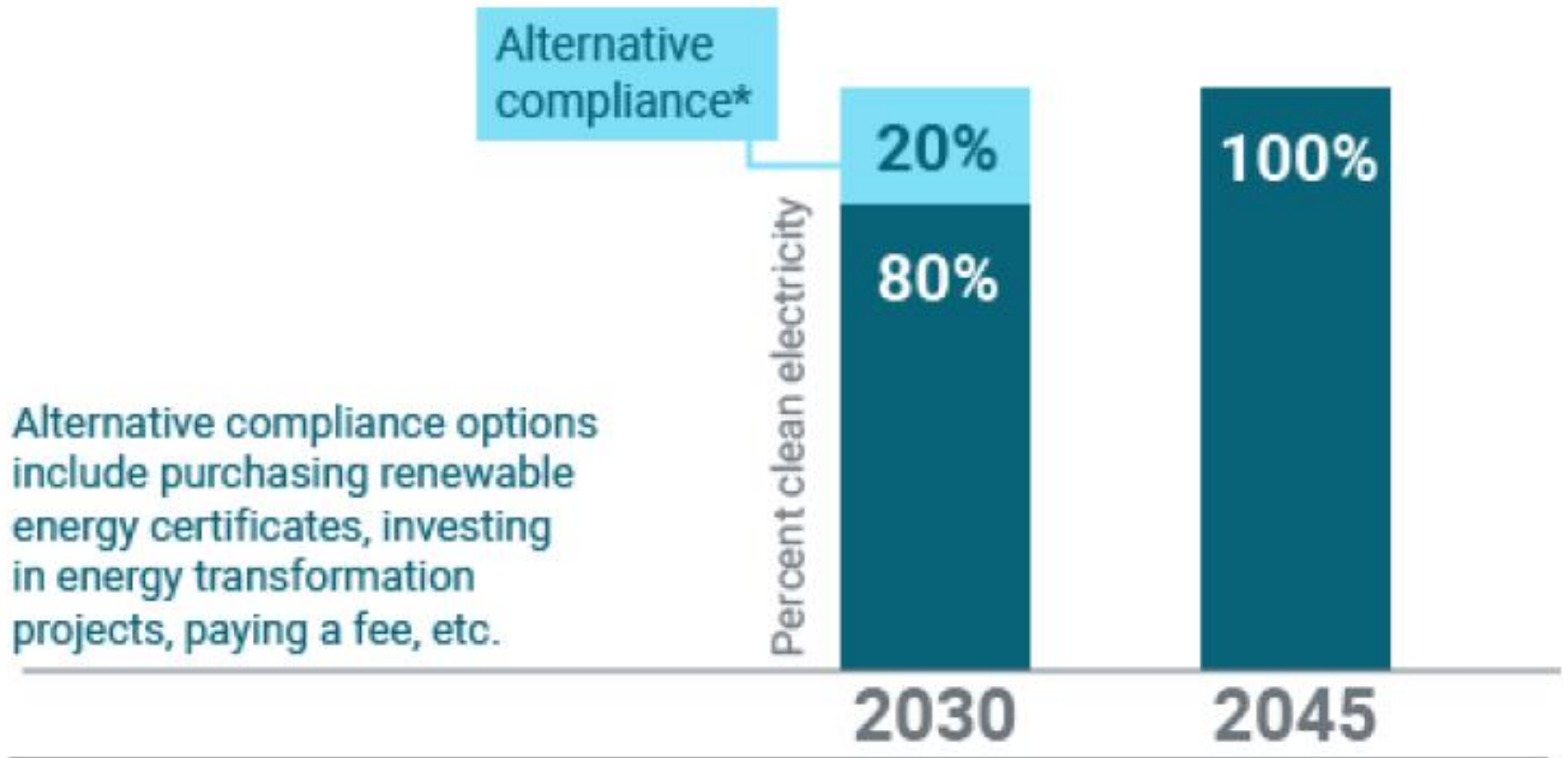
# Regional Issues Forum

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WASHINGTON CLEAN ENERGY REGULATORY UPDATE  
JUNE 2020



# Washington Clean Energy Transformation Act



Source: Clean Energy Transformation Act Overview, Department of Commerce presentation to Markets Workgroup, June 10, 2020

# 2020 Rulemaking

- Rules needed for implementation of the legislation must be adopted by January 1, 2021 unless otherwise noted in the bill.
  - Rulemaking processes have started that address how utilities demonstrate compliance for the 2030 requirements.
- The Clean Energy legislation created a Markets Workgroup “to examine the efficient and consistent integration of this act and transaction with carbon and electricity markets outside the state.”
  - Rules are required by June 30, 2022 defining requirements for retail electric load met with market purchases and the western energy imbalance market or other centralized market administered by a market operator.

# Rulemaking for 2030 Compliance

- Department of Commerce issued a discussion draft of rules in April requiring that electricity and nonpower attributes of that electricity be acquired in a single transaction. If the underlying power is sold, it must be sold as unspecified<sup>1</sup>.
  - Formal comments submitted on June 15th.
  - Utilities broadly supported the draft rules. Some stakeholders commented that compliance for the 80% portion require retirement of a “bundled REC” and a deliverability demonstration
- UTC staff released an interpretation in June that a “bundled REC” and delivery to load is required<sup>2</sup>.
  - Comments are due to UTC on June 29th.

<sup>1</sup> This is a paraphrase. See full draft rules at: <https://www.commerce.wa.gov/wp-content/uploads/2020/06/2020-06-24-draft-rule-language.pdf>

<sup>2</sup> This is a paraphrase. See “June 12 Notice of Opportunity to File Written Comments” at: <https://www.utc.wa.gov/docs/Pages/DocketLookup.aspx?FilingID=191023>.

# Rulemaking Impacts

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Depending on how the rules for 2030 compliance are defined:

- **Requirements could reduce the efficiency of the bulk electric system.**
  - Inefficiency in the bulk electric system results in **overbuild and additional oversupply.**
- **Requirements could limit participation in centralized markets.**
- **Requirements could impede the ability to achieve emissions benefit.**

# Participation in Markets

- **Some requirements can not be demonstrated for centralized market purchases.**
  - Centralized market purchases are considered “unspecified.”
  - Centralized markets do not track or convey RECs.
  - Centralized markets do not match resources to loads
- Unless Commerce’s recommended approach is used, centralized market purchases need to be mitigated with an alternative compliance option, which is limited to 20% of load.
- **Some requirements could restrict a Washington utility’s quantity of centralized market transactions,** which would:
  - Limit participation in EIM and EDAM, and
  - Eliminate (or significantly impact) any RTO considerations

# Next Steps

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- Comments due to UTC today.
- Stakeholders have recommended joint workshops with Commerce and UTC.
- Stakeholders have recommended decisions on compliance be deferred until the Markets Workgroup has completed its work the end of this year.
- Absent a deferral, rules are due January 1, 2021.