



Consideration and Determination of New PURPA Standards

I. Executive Summary

This report details Seattle City Light’s (“City Light”) efforts to comply with the “must consider” requirements added to the Public Utility Regulatory Policies Act (“PURPA”) by the Infrastructure Investment and Jobs Act of 2021 (“Jobs Act”) (Pub. L. 117-58). These specific Jobs Act requirements concern demand response and transportation electrification. The following pages describe the new PURPA requirements, assess City Light and State of Washington’s compliance efforts to date, and conclude that City Light is exempt from taking further action on either the demand response standard or the transportation electrification standard due to prior state/utility actions.

II. History of PURPA

PURPA was enacted by Congress in 1978 to encourage (1) energy conservation; (2) increased efficiency of electric utility facilities and resources; and (3) fair retail rates for electric consumers. PURPA originally included six federal standards related to rates: cost of service, declining block rates, time-of-day rates, seasonal rates, interruptible rates, and load management techniques. Additional standards have been added to PURPA over the years and this report concerns two new standards added to PURPA by the Jobs Act.

III. New PURPA Standards

The Jobs Act added two new standards to PURPA related to demand response and transportation electrification, discussed in more detail below. While PURPA requires state regulatory authorities and certain nonregulated utilities such as City Light¹ to conduct a proceeding to consider the new standards—and then decide if they are appropriate to implement—the law also waives this requirement if a state or nonregulated utility has adopted a comparable standard. As discussed below, Washington State has adopted a standard comparable to the demand response standard announced in Section 40104 or the Jobs Act. Further, Washington State and City Light have adopted standards comparable to the transportation electrification standard announced in Section 40431 of the Jobs Act.

¹ PURPA defines a “nonregulated electric utility” as “any electric utility other than a state regulated electric utility[,]” which applies to City Light. 16 U.S.C. § 2602(9).

IV. Demand Response

Section 40104 of the Jobs Act requires that:

Each electric utility shall promote the use of demand-response and demand flexibility practices by commercial, residential, and industrial consumers to reduce electricity consumption during periods of unusually high demand . . . [and] may establish rate mechanisms for the timely recovery of the costs of promoting demand-response and demand flexibility practices . . .

Demand response refers to the intentional reduction in electric use by end-use customers typically at times of high market prices or when grid reliability is jeopardized. Due to the benefits provided to the system, end-users are compensated for participating in demand response programs.

A. Discussion

Current state law mandates that City Light evaluate opportunities for utilizing demand response. The Clean Energy Transformation Act (“CETA”) passed in 2019 requires that City Light develop a Clean Energy Implementation Plan (“CEIP”) every four years. [RCW 19.405.060](#). In January 2021, the State Department of Commerce adopted regulations requiring that each CEIP “specify a target for the amount, expressed in megawatts, of demand response resources to be acquired during the period.” [WAC 194-40-200](#).

In August 2021, City Light submitted its CEIP to the Department of Commerce, which included the City’s demand response targets, which were zero at that time, stating that “City Light plans to launch time of day rates by 2023, residential/small business demand response pilots by 2022, and managed electric vehicle charging pilots by 2025.” City Light Dep’t 2021 CEIP at 5.

Likewise, Washington State law requires all Washington electric utilities with more than 25,000 customers to regularly prepare an integrated resource plan (“IRP”) pursuant to RCW 19.280. State law further specifies that an IRP must include an assessment of commercially available conservation and efficiency recourses, which may include demand response. RCW 19.280.30(1)(b). In its [2022 Integrated Resource Plan](#), City Light evaluated seven demand response scenarios and indicated it intends work with customers to tailor a demand response shift of up to 47 MW during the summer and around 79 MW for winter to help manage short-term peaks in electricity demand.

B. Finding and Determination

Existing Washington State law requires that utilities evaluate utilizing demand response, which City Light has complied with. Consequently, the Jobs Act provisions regarding prior state action apply

to this standard and no further consideration of the federal demand response is necessary or required at this time.

V. Transportation Electrification

Section 40431 of the Jobs Act requires that:

Each State shall consider measures to promote greater electrification of the transportation sector, including the establishment of rates that (A) promote affordable and equitable electric vehicle charging options for residential, commercial, and public electric vehicle charging infrastructure;(B) improve the customer experience associated with electric vehicle charging, including by reducing charging times for light-, medium-, and heavy-duty vehicles;(C) accelerate third-party investment in electric vehicle charging for light-, medium-, and heavy-duty vehicles; and (D) appropriately recover the marginal costs of delivering electricity to electric vehicles and electric vehicle charging infrastructure.

Similar to demand response, nonregulated utilities must commence consideration of this transportation electrification standard no later than November 15, 2022, and determine whether to implement it by November 15, 2023. Jobs Act § 40431(b)(1). This requirement will also be waived if, before November 21, 2021, the State has implemented for City Light the standard (or a comparable standard), City Light has “conducted a proceeding to consider implementation of the standard (or a comparable standard),” or the State legislature has voted on the implementation of the standard (or a comparable standard) for City Light no earlier than three years prior to Nov. 15, 2021. Jobs Act § 40431(b)(3)(A).

A. Discussion

In 2019, the Washington State Legislature passed and the governor signed [House Bill \(HB\) 1512](#) concerning transportation electrification in Washington State. HB 1512 was codified at [RCW 35.92.450](#) and provides that “[t]he governing authority of an electric utility formed under this chapter may adopt an electrification of transportation plan that, at a minimum, establishes a finding that utility outreach and investment in the electrification of transportation infrastructure does not increase net costs to ratepayers in excess of one-quarter of one percent.” This plan may address, among other things:

- (a) The applicability of multiple options for electrification of transportation across all customer classes;
- (b) the impact of electrification on the utility’s load, and whether demand response or other load management opportunities, including direct load control and dynamic pricing, are operationally appropriate;
- (c) system reliability and distribution system efficiencies;
- (d) interoperability concerns, including the interoperability of

hardware and software systems in electrification of transportation proposals; and (e) overall customer experience. RCW 35.92.450(2).

RCW 35.92.450(3) also provides that a utility undertaking an electrification plan may “offer incentive programs in the electrification of transportation for its customers, including the promotion of electric vehicle adoption and advertising programs to promote the utility’s services, incentives, or rebates.” These provisions expressly apply to City Light as a municipal electric utility formed under Chapter 92 of Title 35 of the RCW.

As a result of HB 1512, in October 2020, the Seattle City Council and Mayor approved City Light’s four-year Transportation Electrification Strategic Investment Plan (“Transportation Plan”). [Resolution 31971](#). This Transportation Plan is based on City Light’s Transportation Electrification Strategy Report, which was completed with the Rocky Mountain Institute in 2019 and is the product of significant public engagement and input. Transportation Plan at 7-9. The plan also identifies City Light’s initial investments, services, and education and promotions to further the following goals: fostering customer outreach and awareness, electrifying buses, ferries, and other public transit modes, electrifying commercial, local government, and non-profit fleets, expanding at-home or near-home charging, electrifying high-mileage vehicles, accelerating transportation electrification adoption in environmental justice communities, expanding public fast charging, and expanding workplace charging. Transportation Plan at 13-14.

City Light has taken or will soon take concrete steps to implement its electrification goals. These include, but are not limited to, approving two rate pilots to test time of day rates to encourage off-peak vehicle charging for residential and commercial customers; implementing a fleet electrification program to assist businesses transitioning to electric vehicles; installing charging infrastructure accessible to residents of multi-unit developments; and investing in curbside charging infrastructure in residential neighborhoods and publicly accessible locations.

B. Finding and Determination:

Because the Jobs Act provisions regarding prior state action and prior action by a nonregulated electric utility apply in this instance, no further action or consideration by City Light is required regarding the Jobs Act’s transportation electrification standard. Existing state law authorizes City Light to develop a transportation electrification plan. Pursuant to this state law, City Light has adopted its Transportation Plan, which provides a holistic roadmap for Seattle’s transportation electrification efforts. The plan includes:

- Strategic directives and program offerings intended to address equity and affordability concerns, consistent with revised Section 111(d)(21)(A) of PURPA. See Transportation Plan at 7-9 & 11-12.
- Assessments of customer experience and data analytics, consistent with revised Section 111(d)(21)(B) of PURPA, as well as RCW 35.92.450(2)(e). *Id.* at 18.

- Partnerships with third parties—including regional agencies, communities, and private companies—to catalyze additional investments in electric vehicle transportation, consistent with revised Section 111(d)(21)(C) of PURPA. *Id.* at 13-15.
- Consideration of cost recovery concerns associated with additional electricity use by electric vehicles, consistent with revised Section 111(d)(21)(D) of PURPA. *Id.* at 10 & 18.

The standards contained in RCW 35.92.450 and the Transportation Plan are thus different but comparable to those contained in Section 40431 of the Jobs Act governing transportation electrification. Moreover, these state and city standards were in place prior to the Jobs Act's implementation date of November 15, 2021. Thus, those Jobs Act provisions regarding prior state action and prior action by a nonregulated electric utility apply in this instance and no further action or consideration is required by City Light.

VI. Conclusion

The Jobs Act added two new standards to PURPA regarding demand response and transportation electrification. It also required entities such as City Light to conduct a process to consider adopting them by November 2023, unless it had already adopted a comparable standard by November 15, 2021. As discussed throughout this report, City Light and/or Washington State have already adopted comparable standards on demand response and transportation electrification. Thus, City Light has met its obligations under the Jobs Act, and no additional action by City Light is required.