



RESOLUTION NO. U-11615

1 A RESOLUTION related to Tacoma Power; approving the adoption of Tacoma
2 Power's demand forecast and resource supply forecast for use as
3 described in the Washington State Department of Ecology's rules
4 implementing the Climate Commitment Act.

5 WHEREAS the Department of Public Utilities, Light Division ("Tacoma
6 Power"), seeks approval for the adoption of Tacoma Power's demand forecast
7 and resource supply forecast for use as described in the Washington State
8 Department of Ecology's ("Ecology") rules implementing the Climate
9 Commitment Act ("CCA"), and

10 WHEREAS if the resolution is adopted, Tacoma Power will submit the
11 board-approved CCA-specific forecasts to Ecology to use in calculating Tacoma
12 Power's no-cost allowance allocation schedule, and

13 WHEREAS the CCA established a cap-and-invest program in
14 Washington State to reduce economy-wide greenhouse emissions, and

15 WHEREAS the statute specifies that electric utilities which are also
16 subject the 2019 Clean Energy Transformation Act are eligible for "no-cost
17 allowances" under the CCA to mitigate for the cost burden created by the cap-
18 and-invest program, and

19 WHEREAS on August 24, 2022, the Public Utility Board ("PUB") passed
20 a resolution approving the development of a CCA cost burden estimate
21 template and directing Tacoma Power staff to provide a completed CCA cost
22 burden estimate to Ecology prior to October 1; this estimate was submitted on
23 September 8, 2022, and was used by Ecology to determine Tacoma Power's
24 no-cost allowance allocations during the program's first four-year compliance
25 window (2023-2026), and
26



1 WHEREAS on September 29, 2022, Ecology adopted agency rules
2 implementing the CCA, specifying that Ecology will calculate an electric utility's
3 no-cost allocation using CCA-specific forecasts of demand and resource supply
4 approved by the utility's governing body (WAC 173-446-230(c)(i)), if provided,
5 and

6 WHEREAS Tacoma Power has prepared a CCA-specific demand
7 forecast and a CCA-specific resource supply forecast, and

8 WHEREAS these forecasts are in alignment with the methodology
9 previously approved by the PUB and comply with Ecology's rules and
10 guidelines, and

11 WHEREAS Tacoma Power's CCA-specific demand forecast and a CCA-
12 specific resource are included in Appendix A of Tacoma Power's 2026
13 Integrated Resource Plan; Now, therefore,

14 BE IT RESOLVED BY THE PUBLIC UTILITY BOARD OF THE CITY OF TACOMA:

15
16 That the Public Utility Board of the City of Tacoma hereby concurs and
17 approves the adoption of Tacoma Power's demand forecast and resource
18 supply forecast for use as described in the Washington State Department of
19 Ecology's rules implementing the Climate Commitment Act.

20 Approved as to form:

21 _____
22 /s/
23 Chief Deputy City Attorney

24 Clerk

Chair

Secretary

Adopted



Board Action Memorandum

TO: Jackie Flowers, Director of Utilities
COPY: Charleen Jacobs, Director and Board Offices
FROM: Ray Johnson, Section Manager, Power Utility
MEETING DATE: July 22, 2026
DATE: June 29, 2026

GUIDING PRINCIPLE ALIGNMENT (select as many that apply):

Please indicate which of the Public Utility Board's Guiding Principle(s) is supported by this action.

- ☒ Customer and Community
- ☒ Resource Sustainability and Stewardship
- ☐ Employees and Culture

SUMMARY: This resolution seeks approval and adoption of Tacoma Power's demand forecast and resource supply forecast for use as described in the Washington State Department of Ecology's (Ecology) rules implementing the Climate Commitment Act (CCA). If the resolution is adopted, Tacoma Power will submit the board-approved CCA-specific forecasts to Ecology to use in calculating Tacoma Power's no-cost allowance allocation schedule.

BACKGROUND: The CCA established a cap-and-invest program in Washington State to reduce economy-wide greenhouse gas emissions. The statute specifies that electric utilities, which are also subject to the 2019 Clean Energy Transformation Act, are eligible for 'no-cost allowances' under the CCA. No-cost allowances are intended to mitigate for the cost burden created by the cap-and-invest program.

On August 24, 2022, the Tacoma Public Utilities Board passed a resolution approving the development of a CCA cost burden estimate template and directing Tacoma Power staff to provide a completed CCA cost burden estimate to the Department of Ecology prior to October 1. This estimate was submitted to Ecology on September 8, 2022, and was used by Ecology to determine Tacoma Power's no-cost allowance allocations during the program's first four-year compliance window (2023-2026).

On September 29, 2022, Ecology adopted agency rules implementing the CCA. These rules specify that Ecology will calculate an electric utility's no-cost allowance allocation using CCA-specific forecasts of demand and resource supply approved by the utility's governing body (WAC 173-446-230(c)), if provided.

CCA-specific demand forecast and resource supply forecast

Tacoma Power has prepared a CCA-specific demand forecast and a CCA-specific resource supply forecast. These forecasts are in alignment with the methodology previously approved by the Public Utility Board and comply with Ecology's rules and guidelines. The forecasts use Tacoma Power's Integrated Resource Plan (IRP) as the main data source.

The biggest factor distinguishing Tacoma Power's CCA-specific resource supply forecast from its IRP is an operational adjustment. Tacoma Power purchases electricity from the wholesale market when economically beneficial and when necessary to maintain system reliability. The operational adjustment accounts for these balancing purchases, which are not estimated within Tacoma Power's IRP model. The operational adjustment is based on the utility's historical purchasing volumes. The operational adjustment is a part of the methodological approach that was approved by the PUB in 2022.



Board Action Memorandum

Tacoma Power's CCA-specific demand forecast and a CCA-specific resource supply forecast are included in Appendix A of Tacoma Power's 2026 Integrated Resource Plan.

Demand forecast - estimate of retail electric load
(as described in WAC 173-446-230(a))

		2027	2028	2029	2030
Demand forecast	<i>MWh</i>	4,324,872	4,302,053	4,320,726	4,376,504

Resource supply forecast - resource fuel types forecasted to supply retail electric load
(as described in WAC 173-446-230(b))

		2027	2028	2029	2030
Specified-source BPA	<i>MWh</i>	3,414,122	3,386,918	3,315,479	3,334,775
	<i>MT CO_{2e}</i>	169,340	167,991	164,448	165,405
Specified-source hydro	<i>MWh</i>	2,511,100	2,527,967	2,519,049	2,515,975
	<i>MT CO_{2e}</i>	-	-	-	-
Specified-source non-hydro renewable & non-emitting	<i>MWh</i>	-	-	-	-
	<i>MT CO_{2e}</i>	-	-	-	-
Unspecified purchases - Operational adjustment	<i>MWh</i>	398,843	396,739	398,461	403,605
	<i>MT CO_{2e}</i>	174,294	173,375	174,127	176,375
Total generation portfolio	<i>MWh</i>	6,324,065	6,311,623	6,232,988	6,254,355
	<i>MT CO_{2e}</i>	343,635	341,366	338,575	341,780

ARE THE EXPENDITURES AND REVENUES PLANNED AND BUDGETED? No

IF THE EXPENSE IS NOT BUDGETED, PLEASE EXPLAIN HOW IT IS TO BE COVERED.

No budget modifications are required at this time.

IF THE ACTION REQUESTED IS APPROVAL OF A CONTRACT, INCLUDE LANGUAGE IN RESOLUTION AUTHORIZING \$200,000 INCREASE IN ADMINISTRATIVE AUTHORITY TO DIRECTOR? No

ATTACHMENTS: List any attachments (contracts, policies, agreements, etc.).

- Appendix A: CCA demand forecast and resource supply forecast
(from Tacoma Power's 2026 Integrated Resource Plan)

CONTACT:

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Supervisor's Name: Quinn Cosgrove, Term Trader

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Presenter (if different from primary contact): n/a

11 Appendix A: CCA demand forecast and resource supply forecast

11.1 Purpose of CCA-specific demand and resource supply forecasts

The Climate Commitment Act (CCA) directs the WA Department of Ecology (Ecology) to grant no-cost utilities to an electric utility based on the utility's CCA cost burden. This cost burden is a term defined by a mathematical formula in the Washington Administrative Code (WAC173-446-230). WAC 173-446-230(c) defines a rank order of sources to be used as inputs to the formula. First in that rank order are CCA-specific forecasts of demand and resource supply approved by the utility's governing body – the Tacoma Public Utility Board in the case of Tacoma Power.

11.2 Background

Tacoma Power's Public Utility Board approved a CCA cost burden methodology in August 2022.⁵⁰ This methodology and the underlying demand and resource supply forecasts were created based on the best available information at the time. Since then, Ecology has completed rulemakings and provided other forms of regulatory clarification, which have prompted some changes to Tacoma Power's CCA cost burden template. These updated forecasts of demand and resource supply are in alignment with both the methodology previously approved by the Public Utility Board and with Ecology's rules and guidelines.

11.3 Main drivers of CCA cost burden:

The main drivers of CCA cost burden for Tacoma Power are:

1. *Purchases of unspecified power:* Tacoma Power's cost burden is also affected by its wholesale power marketing activities. Tacoma Power's activities in the wholesale market help the utility balance generation with load. Tacoma Power's trading and operations function pursues opportunities to purchase electricity when economically advantageous. For example, Tacoma Power may purchase energy during periods of low or negative wholesale prices, allowing hydropower facilities to hold water and generate more electricity during periods of high prices or increased system need. To account for these trading activities, the CCA resource supply forecast includes an *operational adjustment* that estimates the amount of unspecified power purchased by Tacoma Power. This operational adjustment distinguishes the CCA resource supply forecast from the rest of the IRP.
2. *Bonneville Power Administration (BPA):* Tacoma Power's cost burden is driven primarily by the small amount of carbon emissions embedded in purchases from BPA's system. BPA's system is almost carbon-free. However, like Tacoma Power, they purchase unspecified power in wholesale markets to balance generation with load. Tacoma Power buys significant amounts of energy from BPA. The small amounts of carbon embedded in BPA's energy add up to tens of thousands of metric tons of CO₂e for which Tacoma Power is the responsible party under the

⁵⁰ See Resolution U-1138, approved on August 24, 2022.

CCA. Consistent with the 2026 IRP, we assume an emissions rate for BPA of 0.0496 MT CO₂e per MWh.⁵¹

11.3.1 Approach taken to calculate operational adjustment

The operational adjustment represents MWh of electricity purchased by Tacoma Power's merchant function from unspecified sources. These purchases are not estimated within Tacoma Power's IRP model but must be included in the CCA resource supply forecast to accurately reflect the resource portfolio used – and the emission obligations and resulting costs incurred – to serve customers.

Tacoma Power buys electricity at three different timescale categories:

- **Term trades:** quarterly or longer, sometimes balance-of-month
- **Day-ahead:** usually one-day transactions, sometimes balance-of-month or balance-of-week depending on the situation and calendar date
- **Real-time:** balancing transactions to match load
 - to generation within the day and within the hour; mostly but not exclusively done through the Energy Imbalance Market (EIM)

The operational adjustment is calculated using historical purchase quantities at each of these timescales. The adjustment selects historical windows that reflect the utility's expected future trading volumes in a given timescale category.

Term purchases: Term trades are made on a bilateral basis, and these types of trades are expected to continue in this fashion going forward. Therefore, the operational adjustment uses 10 years of historical actuals to arrive at a purchase volume estimate for this category.

Day-ahead purchases: Tacoma Power's anticipated participation in the new SPP Markets+ day-ahead organized market poses a challenge. Tacoma Power expects to join Markets+ when the Bonneville Power Administration (BPA) joins; BPA is targeting the fourth quarter of 2028. It is reasonable to expect that day-ahead trading volumes could change dramatically, mirroring the shift in real-time trading volumes when Tacoma Power joined EIM. Changes to day-ahead purchasing volumes are very difficult to estimate. In the absence of a reasonable forecast of changes to purchasing volumes when Tacoma Power joins an organized day-ahead market, organized market subject matter experts at Tacoma Power recommend that this CCA resource supply forecast make the simplifying assumption that purchasing volumes in 2029-2030 will be consistent with historical actuals, which are comprised solely of bilateral transactions.

Fortunately, Tacoma Power's 2028 IRP will be completed prior to Ecology's final determination of allowances for calendar year 2029. As staff gain more information and as Tacoma Power's launch date for Markets+ participation draws near, we anticipate a higher degree of confidence in estimates of day-ahead unspecified purchases after joining Markets+.

Real-time purchases: Tacoma Power's joining the EIM in March 2022 prompted a significant shift in how the utility engaged in real-time trades. To account for this divergence, the operational adjustment relies on historical data that includes only the years where Tacoma Power has been participating in the EIM – March 2022 through February 2026. The adjustment also removes January and February 2023 from its monthly average calculations because those months were not reflective of the utility's trading strategy in the EIM. Finally, the anticipated timeline of Tacoma Power's joining Markets+ is expected to create a

⁵¹ The 2026 IRP assumption is consistent with the California Air Resources Board (CARB) Asset-Controlling Supplier (ACS) System Emission Factors for BPA for Data Year 2026 (<https://ww2.arb.ca.gov/mrr-ac>)

two-month window – August to September 2028 – during which the utility will not participate in any organized real-time market. For these months, the operational adjustment uses historical real-time purchase volumes prior to fully participating in the EIM.

11.4 2027-2030 CCA forecasts

The following tables provide the numbers that will be submitted to the Department of Ecology using the spreadsheet template required for the CCA-specific demand forecast and resource supply forecast. The resulting estimate of emissions associated with Tacoma Power's full generation portfolio is equal to 1,365,356 MTCO₂e over the four-year compliance period, which is approximately 26% higher than for the previous compliance period. The main driver of the higher projection for the next compliance period is an increase in the assumed emissions rate associated with BPA power, which has increased since the previous compliance period.

11.4.1 Demand forecast

	<i>Formula descriptions</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>
Estimate of retail electric load (MWh) WAC 173-446-230(a)	A	4,324,872	4,302,053	4,320,726	4,376,504

11.4.2 Resource supply forecast

	<i>Formula descriptions</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>
BPA specified-source purchases (total) (MWh)	B	3,414,122	3,386,918	3,315,479	3,334,775
BPA specified-source - block purchases (total) (MWh)	B _{block}	1,208,891	1,266,414	1,515,059	1,523,192
BPA specified-source - slice purchases (total) (MWh)	B _{slice}	2,205,232	2,120,504	1,800,419	1,811,583
Natural Gas - Total (MWh)	C	-	-	-	-
Aggregate natural gas generation (less specified resources)	C ₁	-	-	-	-
Specified-source natural gas resource #1	C ₂	-	-	-	-
Specified-source natural gas resource #2	C ₃	-	-	-	-
Specified-source renewable & non-emitting resources - hydro - Total (MWh)	D	2,511,100	2,527,967	2,519,049	2,515,975
Specified-source renewable & non-emitting resources - non-hydro - Total (MWh)	E	-	-	-	-
Unspecified purchases needed to meet load (MWh)	F = A - (sum of B through E)	-	-	-	-
Unspecified purchases - Operational adjustment (MWh)	G = A * 9.02%	398,843	396,739	398,461	403,605

	<i>Formula descriptions</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>
Total MWh in generation portfolio	H = sum of B through G	6,324,065	6,311,623	6,232,988	6,254,355

11.4.3 Emissions associated with resources identified in resource supply forecast

	<i>Formula descriptions</i>	<i>2027</i>	<i>2028</i>	<i>2029</i>	<i>2030</i>
MT CO ₂ e BPA purchases	I = B * BPA's ACS emissions factor	169,340	167,991	164,448	165,405
MT CO ₂ e Natural gas	J = C * natural gas emissions factor(s)	-	-	-	-
MT CO ₂ e Unspecified purchases	K = F * unspecified emissions factor	-	-	-	-
MT CO ₂ e Operational adjustment	L = G * unspecified emissions factor	174,294	173,375	174,127	176,375
Energy supplied to EITEs (MWh)	M	-	-	-	-
EITE Emissions (MTCO ₂ e)	N = (M / A) * sum of I through L	-	-	-	-
Utility-Specific Emissions (MTCO ₂ e)	O = sum of I through L - Q	343,635	341,366	338,575	341,780