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Sustainability Office
City of Tacoma
915 Market Street
Tacoma WA 98402

Dear Friend,

Puget Sound Energy (PSE) is Washington State's oldest and largest privately-owned electric and natural gas utility. Today, PSE delivers safe, reliable and affordable energy to approximately 1.1 million electric customers and 900,000 natural gas customers across ten counties in Western and Central Washington. In Tacoma alone, PSE serves nearly 38,000 natural gas customers, including 34,409 residential, 3,099 commercial, and 142 industrial customers of all sizes. We strive to be our customers' clean energy partner of choice and we continually work with them to develop innovative ways to serve their energy needs and their environmental goals.

At PSE, we recognize that climate change is one of the biggest existential threats facing our planet today. As one of the largest producers of renewable energy in the Pacific Northwest, PSE has been an early leader in addressing climate change, and investing billions in renewable resources and energy efficiency for homes and businesses. In 2019, PSE worked closely with the Washington State Legislature to develop the Clean Energy Transformation Act (CETA) – one of the nation's most aggressive electric sector emissions reduction standards. When we publicly supported that Act, we committed to providing Washington residents with coal-free electricity by the end of 2025, achieving net zero emissions and 80 percent carbon free electricity by 2030, and 100 percent carbon free electricity by 2045.

Earlier this year, Puget Sound Energy set an aspirational goal to be a Beyond Net Zero Carbon company by 2045: PSE will target reducing its own carbon emissions to net zero and go beyond by helping other sectors to enable carbon reduction across the state of Washington. Our goal is to reduce emissions from PSE electric and gas operations and electric supply to net zero by 2030. By 2045, PSE will have a 100% carbon-free electric supply. We also strive to reach net zero carbon emissions for natural gas sales by 2045—customer use in homes and businesses—with an interim target of a 30% emissions reduction by 2030. Our goal is to partner with customers and industry to identify programs and products that cost-effectively reduce carbon across sectors and across our region and state. Examples include transportation electrification through the build out of expanded EV charging infrastructure; and the support of low carbon fuels, upstream methane emission reduction, and RNG projects for municipal solid waste, agricultural waste and forestry sources.

Furthermore, PSE's Beyond Net Zero Carbon pledge goes beyond our CETA commitments. We have set out to achieve net zero emissions in our own operations by 2030, build necessary infrastructure for transportation electrification, provide low carbon fuels for long haul trucking and marine shipping, and invest in new ways to generate and store the energy our customers need. Most recently, PSE supported the passage of Washington's Climate Commitment Act, a bold cap-and-invest bill that will give our region the tools it needs to further decarbonize the energy sector. In the past year alone, PSE increased our clean energy mix by ten percent and secured over 900 MW of new clean energy contracts for our customers.

We also know that our customers and communities are living through unprecedented times with the COVID-19 pandemic and affordability challenges throughout the region. We have kept the well-being of our customers' front of mind during the crisis, providing over 3120 affected Pierce County customers with \$2,371,995 in bill assistance through our COVID Bill Assistance program to date. The funds help customers who recently became unemployed or partially unemployed due to COVID-19. PSE also voluntarily ended customer disconnections in early March 2020 before there was a mandate and has extended payment plans and extended bill due dates to help customers in need.

Beyond supporting our customers through this difficult time, our mission today is deep decarbonization and greenhouse gas emissions reduction. Our customers want clean energy and we are committed to working together to make this a reality. As part of this commitment, we are actively working in a number of areas, including:

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- Being an early leader in addressing climate change, investing billions in renewable resources and energy efficiency for homes and businesses;
- Working with our customers to save 67 billion electric kWh and 600 million natural gas therms through energy efficiency programs;
- Implementing battery storage technology in a variety of scenarios, including the ability to provide wind and solar energy storage, as part of our non-wires solution for capacity needs;
- Serving as the largest utility producer of wind energy in the Pacific Northwest;
- Innovating to modernize the grid, helping customers save money and energy while improving reliability and reducing PSE's carbon footprint;
- Helping Washington address transportation, our state's single largest source of GHG emissions, by investing in electric vehicles and the development of LNG for maritime and commercial transportation;
- A long history of operating hydroelectric power projects that provide clean energy to thousands of local homes and businesses as well as obtaining multiple power purchase agreements for clean hydroelectric and wind power; and
- Creating ground-breaking renewable energy programs like Green Direct, which provides commercial and municipal customers the ability to purchase 100 percent of their energy from dedicated, local, renewable energy resources.

As PSE drives towards the clean energy future, we are mindful that our success will necessitate successful collaboration with partners. PSE is fortunate to have local leaders from Tacoma and Pierce County serve on our Equity Advisory Group and Integrated Resource Planning stakeholder group.

Through the City of Tacoma's Climate Action Plan planning process, it is clear that you share many of the values that PSE and our customers hold. The draft plan contains many ideas worth studying further that could help preserve our beautiful region for future generations to come. Because we know that many of the draft measures if enacted will have far reaching implications and could have unintended consequences (such as leakage, reliability or equity challenges) for residents and PSE's customers, we strongly implore the council to insist on thorough evaluation of these proposals before consideration for further action by the council. At a high level, the costs, feasibility, and impacts should be closely studied to ensure that the outcomes match the intent and there are no unforeseen impacts.

PSE looks forward to providing input as draft action items are discussed in more detail. Together, the City and PSE can reduce emissions and keep energy reliable and affordable with a meaningful dialogue and thoughtful plan. Please see PSE's comments on the draft plan below.

Direct Fuel Use in the Built Environment

Puget Sound Energy serves 900,000 customers with safe, reliable, and affordable natural gas service. We also recognize that customers have choice in their energy services. Our region has become increasingly concerned about greenhouse gas emissions, and on our gas side of the business we have:

- Developed programs such as Carbon Balance, which allows customers to reduce their carbon footprint by purchasing third-party verified carbon offsets from local projects that work to reduce or capture greenhouse gases,
- Increased incentives for energy efficiency improvements that reduce building energy consumption,
- Planned for and acquired natural gas alternatives like Renewable Natural Gas and we are investigating other low carbon fuels such as hydrogen, and
- Committed to net zero methane leaks on our gas distribution system by 2022.

We supported State efforts to increase the efficiency of buildings through House Bill 1257 and increased efficiency in buildings. We look forward to partnering on projects that reduce greenhouse gas emissions while meeting customer needs in a safe, reliable, and cost effective manner.

Hydrogen & Low Carbon Fuels

As a founding member of the Renewable Hydrogen Alliance, PSE believes hydrogen and other low-carbon fuels have a key role to play in decarbonizing and aiding in the transition of the nation's energy supply. Recently, PSE signed a joint development agreement with Mitsubishi Power Americas, Inc. to collaborate on project development and technology solutions, including green hydrogen storage projects, in line with PSE's goal to become a "Beyond Net Zero Carbon" energy company by 2045. We are currently testing these applications in our Georgetown Research Facility for future deployment.

Fuel Switching

Puget Sound Energy recognizes that the path to maximizing the reduction of greenhouse gases requires creative and innovative thinking, and appreciate the opportunities we have had to work with our local government partners on these solutions. PSE's customers have the choice of natural gas versus other fuels, and we trust that all considerations of efficiency, emissions, and cost will be considered as these opportunities arise.

When considering policies that affect customer choice in fuels, or incent customers to switch from one fuel, such as natural gas, to another fuel, such as electricity, PSE asks that our partners continue to ensure that the following pieces of the equation are considered:

1. Does the change actually reduce greenhouse gas emissions? PSE is committed to meaningful and real greenhouse gas emissions reductions and works to deliver these reductions while avoiding leakage across administrative boundaries. Simply shifting emissions to another location does not actually reduce emissions.
2. Is there sufficient infrastructure available to support the fuel change? If not, how can it be developed? In promoting electricity as a fuel, the requirements and timing of infrastructure needed to support the higher demand must be considered to ensure that change can be supported and reliability maintained. Also important to consider is the technology maturity and supply chain for the appliances and devices purchased and installed by customers.
3. What will the change cost be and who will bear those costs? Fuel switching decisions are made by individual homes and businesses. Full consideration of costs, including equipment, fuels, and infrastructure, as well as any policy design should be considered. If costs are not considered and policies carefully designed, benefits could fall to those who can most afford them while costs fall to those who cannot.
4. How will jobs be affected? Ensuring that there is adequate supply of skilled workers to support change, as well as providing for those workers who may be adversely affected by the change, must be considered to ensure sustainable policies.

Built Environment

PSE has a long history of providing financial incentives, education, and technical assistance to help our residential, commercial, and industrial customers manage their energy consumption. To date, our energy efficiency programs have cut electricity consumption by more than 67 billion kilowatt hours— that's more than enough to power every home and business we serve for a full year. Our programs encourage customers to go "beyond code" when choosing efficient equipment options or designing their buildings. PSE also invests in pilot programs to test new energy saving programs and technologies – a great opportunity for private/public partnerships.

Our investment in energy efficiency is good for our customers and our environment and we are committed to continuing to support cost-effective energy efficiency. We recognize that each customer has unique needs which we hope to address through a suite of options ranging from appliance rebates to industrial strategic energy management. Existing programs that provide excellent opportunities for community/utility partnerships include:

- **Residential energy efficiency rebates** – Instant rebates and incentives for residential efficiency upgrades, including heat pump home and water heating.
- **Efficiency Boost** – Providing increased incentives for income-constrained customers
- **Single Family and Multi Family weatherization programs** – Providing incentives to retrofit homes to reduce energy consumption
- **Strategic Energy Management** – Providing technical assistance and financial incentives to help large customers manage their energy consumption across a portfolio of sites
- **Existing Building Commissioning** – Providing financial incentives to fine-tune building systems to maximize efficiency
- **Lighting rebates and grants** – Providing financial incentives for the design and installation of efficient lighting systems
- **Small Business Direct Install** – Providing free energy assessments and low-cost/no-cost upgrades to small businesses
- **New Construction programs** – Providing technical assistance and financial incentives for single family, multi family, and commercial new construction
- **Custom Grant programs** – Providing financial incentives for custom-designed energy efficiency projects in commercial and industrial buildings

Transportation

PSE supports the development of electric vehicle (EV) charging infrastructure for customer-owned electric vehicles. PSE launched its customer-facing electric vehicle program Up & Go Electric in 2019 and has continued to expand its electric

vehicle program education, outreach and offerings. As part of PSE's goal to be a Beyond Net Zero Carbon company by 2045, PSE will target reducing its own carbon emissions from operations and its electric supply to net zero by 2030 and go beyond by supporting carbon emissions reduction in other sectors such as transportation. PSE will take steps that include:

- Plan for, promote and supply sufficient and reliable electricity for one million EVs by 2050
- Expand EV programs to include off-peak charging incentives and launch new pilots for commercial and government fleet vehicles
- Electrify most of PSE's fleet vehicles by 2030 and use lower carbon fuels for fleet vehicles that can't be electrified and offset remaining emissions by 2030
- Support transformation of transportation sector to low and net zero carbon fuels

Equity

As we drive toward a clean energy future, we must do so in a way that benefits all of the customers and communities we serve, especially those who have not traditionally had access to or benefitted from clean energy or have shouldered an outsized share of climate change burdens. To inform our path forward, PSE has convened an Equity Advisory Group (EAG) to help seek perspectives from and broaden engagement with communities we serve, including frontline communities of low-income people and Black, Indigenous, and People of Color (BIPOC). Our goal is to better understand frontline community values and priorities as we work to deliver a just and equitable clean energy future.

Affordability for our customers has been a key focal point in our almost 150-year history and will remain so as we proceed on this journey. As a state regulated utility, PSE is responsible for making prudent investments for our customers at the least cost. We have strived throughout our history to keep monthly electric bills competitive or significantly lower than neighboring public utilities. Going forward this challenge to protect our most vulnerable and remain sustainable while pursuing deep decarbonization will necessitate complementary energy systems to maintain both affordability and reliability. We also need to pursue development of additional technologies that may not yet be commercially viable at the scale needed.

Our net zero carbon aspiration is built on our confidence in this region as one of the most creative and innovative in the world coupled with Washington State's commitment to leadership in clean energy. Our ability to leverage all of these, in partnership with customers representing a diversity of interests and viewpoints, will ensure an equitable transition.

Thank you for the opportunity to comment on the City of Tacoma's draft Climate Action Plan. We look forward to working with you and our customers to secure a clean energy future for our region.

Sincerely,



Kierra Phifer
Local Government Affairs and Public Policy Manager
Puget Sound Energy