



November 1, 2022

Filed Via Web Portal

Ms. Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

**Re: Advice No. 2022-21
PSE's Natural Gas Tariff Revision - Filed Electronically**

Dear Ms. Maxwell:

Pursuant to RCW 80.28.060 and WAC 480-80-101 and WAC 480-80-105(1)(c), please find enclosed for filing the following proposed revisions to the WN U-2, Tariff for natural gas service of Puget Sound Energy ("PSE"):

4th Revision of Sheet No. 1137 Supplemental Schedule 137 Carbon Offset Service

The purpose of this filing is to adjust the monthly rate per block of Carbon Offset, and to add additional clarifying language regarding the therm equivalent per Carbon Offset. This filing increases the monthly rate per block from \$3.00 to \$4.50 for every 400 pounds of Carbon Dioxide Equivalent (or 34.217 therms).

In 2020, PSE reduced the price per block of Carbon Offset to better reflect both its current expenses and [near-term] future expenses, which represented lower relative administrative costs due to increased customer participation. However, the price of carbon offsets has increased in 2022 and is expected to continue to increase for the next few years. The market for carbon offsets in the Pacific Northwest is particularly competitive due to corporate climate commitments and state-driven requirements.

PSE conducted a survey of its Schedule 137 customers in August 2022. The results indicated that customers value the impact per block of Carbon Offsets more than the rate per block. 491 customers responded to the survey, 485 of whom are residential customers. 56% of respondents indicated that they chose the number of blocks to subscribe to, based on their carbon footprint, not on the monthly rate per block. 77% of respondents indicated that they are very likely or somewhat

likely to leave their Schedule 137 subscription as-is, even if the rate per block were to go as high as double the current monthly rate.

The charges for this optional service are eligible to be covered by various bill assistances that are available to PSE customers, including PSE's Schedule 129 Low Income Program.

Additionally, PSE is proposing clarifying language to include the terms equivalent of per block of Carbon Offset. This proposed change is intended to provide greater transparency and consistency of purchasing units to customers purchasing Carbon Offsets.

The tariff sheet described herein reflects an issue date of November 1, 2022, and effective date of January 1, 2023. Posting of proposed tariff changes, as required by law and the Commission's rules and regulations, is being completed through web, telephone and mail access in accordance with WAC 480-90-193. Notice to individual customers will be provided in accordance with the provisions of WAC 480-90-194.

Please contact Veronica Martin at (425) 457-5624 or veronica.martin@pse.com for additional information about this filing. If you have any other questions, please contact me at (425) 456-2142.

Sincerely,

/s/ Jon A. Piliaris

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cc: Lisa Gafken, Public Counsel
Sheree Carson, Perkins Coie

Attachments:
Natural Gas Tariff Sheet (listed above)
Work Paper

**PUGET SOUND ENERGY
Natural Gas Tariff**

**SUPPLEMENTAL SCHEDULE 137
Carbon Offset Service**

1. AVAILABILITY:

1. Service under this schedule is available to all natural gas Customers as an option designed to provide Customers an opportunity to balance out the environmental impact of greenhouse gas emissions from their natural gas use by purchasing shares of a Carbon Offset. Service is on a continuing month to month basis unless terminated as provided herein.
2. Participating Customers will support the development of greenhouse gas emission reduction and capture projects. Reducing the concentration of greenhouse gases such as methane and carbon dioxide in the atmosphere is achieved, for example, through methane-capture and forestry management projects. Priority will be given to projects which are located in the Pacific Northwest.

2. **TYPE OF SERVICE:** Service under this schedule is provided through Carbon Offsets created or obtained by the Company for purchase by its Customers. All Carbon Offsets will be verified and nationally certified by a third-party entity.

3. **MONTHLY RATE:** Customers may purchase an unlimited number of blocks at \$4.50 each. (I)

One block equals 400 pounds of Carbon Dioxide Equivalent or 34.217 therms, which is approximately one fifth of one Carbon Offset. The charge for the number of blocks chosen in this program will be on the Customer's bill every month until terminated by the Customer. (C)

The purchase of two blocks per month is equal to offsetting emissions associated with the average natural gas consumption of a residential home over the course of a year. The minimum monthly purchase for Residential Customers is one block, or \$4.50. The minimum monthly purchase for Commercial and Industrial Customers is two blocks, or \$9.00. (I)
(I)

The monthly charge in this service is in addition to all other charges contained in the rate schedule under which the Customer receives service. The monthly charge for Carbon Offset blocks under this service will be applied to the Customer's billing regardless of actual natural gas usage.

(Continued on Sheet No. 1137-A)

Issued: November 1, 2022
Advice No.: 2022-21

Effective: January 1, 2023

By: 

Issued By Puget Sound Energy

Jon Piliaris

Title: Director, Regulatory Affairs