PUGET SOUND ENERGY
2026 CLEAN ENERGY COMPLIANCE REPORT

Pursuant to WAC 480-100-650

PUGET SOUND ENERGY

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1. Executive summary

This 2026 Clean Energy Compliance Report (Compliance Report) details Puget Sound Energy's (PSE) clean energy progress and accomplishments from 2022 to 2025, in compliance with the Clean Energy Transformation Act (CETA). Pursuant to Washington Administrative Code (WAC) 480-100-650(1), the Compliance Report demonstrates the following:

1. Progress PSE has made toward interim and specific targets
2. How specific actions taken by PSE made progress toward meeting CETA's clean energy transformation standards (see WAC 480-100-610) at the lowest reasonable cost
3. How PSE met CETA's clean energy standards through the acquisition of electricity and associated renewable energy credits (RECs)
4. How specific actions help to ensure equitable distribution of benefits, highlighting how public participation efforts informed our work
5. The actual incremental cost of complying with CETA from 2022 to 2025

PSE's actions demonstrate its strong and concerted effort to make reasonable and sufficient progress toward meeting CETA's requirements in this first four-year implementation period. As such, PSE requests the Commission accept the Compliance Report and determine that PSE has made reasonable and sufficient progress toward meeting its 2022–2025 targets and the clean energy transformation standards in WAC 480-100-610.

In this executive summary, PSE briefly outlines the major components of this filing and how it has complied with the associated requirements. For a full list of the compliance requirements and how PSE has satisfied them, please see Table 1.

Table 1: Clean Energy Compliance Report requirements under WAC 480-100-650(1)

WAC 480-100-650(1)	Report section
Unless otherwise ordered by the commission, each electric utility must file a clean energy compliance report with the commission by July 1, 2026, and at least every four years thereafter. The report must:	
(a) Demonstrate whether and how the utility met its interim targets.	Section 2 Interim Targets
(b) Demonstrate whether and how the utility met its specific targets.	Section 3 Specific Targets
(c) Demonstrate whether and how the specific actions the utility took made progress toward meeting the clean energy transformation standards at the lowest reasonable cost.	Section 4 Specific actions taken to meet standards at the lowest reasonable cost
(d) Demonstrate whether and how the utility met its statutory obligations under RCW 19.405.040(1) and 19.405.050(1) through the acquisition of the electricity and associated RECs or nonpower	Section 5 Statutory obligations through acquisition

WAC 480-100-650(1)	Report section
attributes. This requires the utility to demonstrate that the electricity the utility reports for compliance is:	
(i) From a generating facility located within the utility's service area or balancing authority area; or	Section 5 Generating facility
(ii) Acquired by the utility at one of the following points of delivery;	
(A) The transmission or distribution system of an electric utility;	Section 5 Transmission or Distribution
(B) The transmission system of the Bonneville Power Administration;	Section 5 Transmission or Distribution
(C) The transmission system of any entity that is a participant in a centralized organized market located in the Western Interconnection in which the electric utility is a participant; or	Section 5 Transmission or Distribution
(D) Another point of delivery designated by the electric utility for the purpose of subsequent delivery to the electric utility.	Section 5 Transmission or Distribution
(e) Demonstrate whether and how the specific actions the utility took are consistent with the requirements in WAC 480-100-610 (4)(c) including, but not limited to:	Section 6 Equitable Distribution of Energy – Vulnerable populations
(i) Providing updated customer benefit indicator values;	Section 6 Equitable Distribution of Energy – Vulnerable populations
(ii) An analysis that the distribution of benefits and reductions of burdens have accrued or will reasonably accrue to intended customers, including highly impacted communities and vulnerable populations.	Section 6 Equitable Distribution of Energy – Vulnerable populations
(f) Provide a description of the utility's equity advisory group process, customer engagement and outcomes, and how the utility's efforts are consistent with the requirements in WAC 480-100-655 for the development or update of customer benefit indicators related to WAC 480-100-610 (4)(c).	Section 7 Equity Advisory Group process, Customer Engagement & Outcomes
(g) Include the actual incremental cost of compliance as required in WAC 480-100-660(5).	Section 8 Incremental Cost
(h) Include all of the information found in the annual progress report as described in subsection (4) of this section for the fourth year of the CEIP.	Section 9 Annual Progress Report
(i) Include a summary of the data in the annual progress reports described in subsection (4) of this section.	Section 10 Annual Progress Report Summary
(j) Document the use of any alternative compliance options as described in RCW 19.405.040 (1)(b), or any request for a temporary exemption per RCW 19.405.090(3)	Section 10 Alternative Compliance
(k) Include a description of the public participation opportunities the utility provided and the feedback the utility received during the implementation period, including whether and how public participation influenced the utility's decisions and actions	Section 11 Public Participation

WAC 480-100-650(1)	Report section
(l) Include the data input files made available to the commission in native format and in an easily accessible format as an appendix.	Appendix

1.1. Targets and specific actions – WAC 480-100-650(1)(a)-(c)

Over the implementation period, PSE delivered more clean energy in MWhs than it originally projected when it proposed its interim target in its 2021 CEIP. PSE's actual clean energy generation for 2022–2025 averaged 10,046,382 MWh per year, exceeding the average 10,017,597 MWh per year embedded in PSE's original 54.5% four-year interim target. During the implementation period, PSE prudently added significant short-term (Table 29) and long-term (Table 28) clean resources, resulting in a clean energy portfolio of 50.6% – representing an increase of nearly 20 percentage points from the 30.7% four-year average maintained over 2018-2021. This progress was the result of unprecedented efforts on the part of the company to acquire new clean energy resources, issuing several RFPs during the implementation period while also acquiring significant amounts of resources bilaterally through opportunistic acquisitions and growing its demand-side capabilities. Despite all the progress made, PSE's actual clean energy generation as a percentage of retail load was 50.6%, or 3.9 percentage points lower than the 54.5% target. This shortfall was driven by circumstances that were, in significant part, outside PSE's reasonable control. Two major contributing factors were higher-than-forecasted load growth, as residential loads bounced back from COVID faster than anticipated, and historically low hydro generation that persisted throughout the implementation period.

PSE made reasonable and sufficient progress toward its interim target during the first implementation period despite the challenges it faced. If electric load had aligned with original forecasts and renewable generation – particularly hydro – had reflected normal (P50) conditions, PSE would have met its original 63% annual goal for 2025.

PSE also made reasonable and sufficient progress toward its specific targets, most of which PSE unambiguously exceeded, as shown in Table 2. PSE established an initial demand response (DR) target of 23 MW, without prior experience in running DR programs, and grew the DR portfolio to 86 MW in just 4 years. While not required under CETA, PSE established specific targets in the areas of distributed solar and storage, which supported progress toward PSE's clean energy goals while also addressing system reliability, customer participation, and longer-term distribution system needs.

Although PSE was unable to reach the 50 MW Community Solar target the Commission established in Order 08, PSE grew its Community Solar program, creating 7,109 new subscription shares, with 40% reserved for income-eligible customers, furthering equitable outcomes. For energy efficiency, PSE continued to pursue all cost-effective resources under its biennial conservation planning process, exceeding its energy efficiency specific target by achieving 1,089,932 MWh as compared to a target of 934,337 MWh.

Finally, for grid modernization, PSE implemented conservation voltage reduction as a foundation, which was then augmented through efforts to implement Volt-Var Optimization, a Distributed Energy Resource Management System, and PSE's Virtual Power Plant. As demonstrated in the Compliance Report, all of PSE's specific actions were conducted consistently with lowest reasonable cost practices and subject to prudency reviews through cost-recovery proceedings.

Table 2: PSE's progress toward 2022–2025 specific targets

Category	Specific target	Actual achievement
Energy efficiency	934,337 MWh	1,089,932 MWh
Demand response	86 MW	86.6 MW
Renewable energy resources	62.5%	57.1%
Distributed solar resources	80 MW	79.6 MW
DER storage	25 MW	25.8 MW

1.2. Ensuring equitable distribution of benefits, highlighting how public participation efforts informed our work

PSE recognized early on the importance of ensuring all customers benefit from the transition to clean energy, and as a result, it made concerted and sustained efforts across the company to further the equitable distribution of benefits as part of the clean energy transition.

PSE used a broad, inclusive public engagement approach throughout the implementation period. These efforts involved all of its advisory groups and employed multiple strategies to embed public participation in clean energy planning and implementation, including advisory group meetings, public workshops, outreach in named communities, and collaboration with community-based organizations. PSE used the feedback gathered to inform and influence program design, implementation priorities, and PSE's actions to improve equitable access to clean energy benefits.

PSE formed its Equity Advisory Group (EAG) in 2021 and meaningfully engaged with its EAG throughout the implementation period. This engagement helped shape PSE's definitions of vulnerable populations, named communities, and customers with the deepest need, and supported a place-based, community-informed approach to directing benefits and reducing burdens, consistent with WAC 480-100-610(4)(c)(i).

Across the resource tranches of energy efficiency, distributed solar, distributed storage, and demand response, PSE made best efforts to deliver at least 30% of the energy benefits to customers in named communities, a new requirement imposed in Order 08 partway through the implementation period, and it achieved this goal across most resource tranches. In accordance with Commission Order 08, PSE also worked closely with its EAG in the summer and fall of 2023 to understand and define customers in deepest need. For energy benefits delivered to customers in the deepest need, results for all tracked resource tranches were consistently above PSE's 2.5% target in 2023, 2024 and 2025.

These outcomes reflect PSE's deliberate efforts to improve access, including targeted outreach, multilingual materials, customer-focused strategies, community partnerships, and enhanced language support, in furtherance of distributional equity.

1.3. Incremental cost – WAC 480-100-650(1)(g)

It is important to note that the costs reflected in the incremental cost section of the Compliance Report do not represent the full cost of compliance with CETA, including complete direct costs or customer bill impacts of CETA, but rather reflect the portfolio-based comparison exercise as outlined in WAC 480-100-660.

PSE met the requirements of WAC 480-100-650(1)(g) by including the actual incremental cost of compliance as specified in statute and Commission rules. PSE has adequately described its methodology for identifying costs directly attributable to satisfying the requirements of CETA as outlined in the rules and its methodology for calculating incremental cost in each programmatic area. PSE's incremental cost for the 2022–2025 implementation period was 2.29%, modestly exceeding the 2% incremental cost threshold in statute.

Excluding the social cost of greenhouse gas emissions (SCGHG) from the calculation[1], PSE estimates the incremental cost of compliance at more than $820 million for the 2022-2025 implementation period. That equals about $205 million per year, or nearly 3% of PSE's annual weather-adjusted sales revenue. PSE includes this value because it has consistently maintained that the incremental cost calculation should not include the SCGHG because it is not a cost incurred by customers. It is important to note that this incremental cost calculation does not include the substantial added capacity costs PSE has incurred during this implementation period as a result of PSE eliminating coal from its portfolio pursuant to RCW 19.405.030. If those capacity costs were included, the incremental cost would be even higher.

1.4. Conclusion

PSE's actions during the first CETA implementation period demonstrate reasonable and sufficient progress toward achieving CETA's clean energy objectives and compliance with the reporting requirements in WAC 480-100-650. Across interim targets, specific targets, resource acquisitions, customer programs, equity, public participation, and incremental cost reporting, PSE implemented a broad and coordinated set of actions that advanced clean energy, reduced burdens, expanded customer benefits, and responded to Commission conditions and community input.

PSE demonstrated best efforts to meet its commitments, despite encountering significant external challenges during this inaugural implementation period, including greater than expected load growth,

[1] The SCGHG is an estimate in dollars intended to incorporate the social benefits of reducing carbon dioxide emissions. It is used as a cost adder in developing integrated resource plans and clean energy action plans as required by RCW 19.280.030(3) and is not reflected in customers' rates.

resource availability constraints, project timing issues, supply chain delays, and several years of historically low hydro generation. PSE substantially increased its portfolio of CETA-eligible resources, met or substantially met most specific targets, continued to pursue additional short- and long-term compliance options, made substantial progress in equitably distributing benefits and reducing burdens, and balanced progress with customer affordability and reliability considerations.

For these reasons, the Commission should determine that PSE has made reasonable and sufficient progress toward meeting its 2021 CEIP targets and the clean energy transformation standards in WAC 480-100-610.

2. Interim targets

WAC 480-100-650(1)(a) requires each electric utility to demonstrate whether and how it met its interim targets.

CETA requires electric utilities to serve all retail electric load with greenhouse gas-neutral resources for the first compliance period beginning in 2030 and to supply all retail electric load with clean energy (renewable or nonemitting) by Jan. 1, 2045. Compliance is measured on a multiyear basis, and interim targets demonstrate how electric utilities will make reasonable and sufficient progress toward meeting CETA. WAC 480-100-650(1)(a) requires each electric utility to demonstrate whether and how it met its interim targets.

Over the first four-year CETA implementation period (2022–2025), Puget Sound Energy (PSE or the Company) made clear, measurable progress toward CETA's clean energy requirements. During this period, PSE served an average of 50.6% of retail electric load with clean energy — an increase of nearly 20 percentage points from the 30.7% four-year average achieved during 2018–2021.[2] This substantial improvement, when considered alongside PSE's ongoing and unprecedented efforts to procure new clean energy resources while also rapidly growing its demand-side capabilities, demonstrates meaningful progress in PSE's clean energy transition over the first implementation period.

In the 2021 Clean Energy Implementation Plan (CEIP), PSE did not clearly identify the interim target for the multiyear implementation period covering calendar years 2022–2025. Instead, PSE expressed its interim target as a destination — achieving 63% by 2025. In the 2023 Biennial CEIP Update, PSE set the interim target as 54.5%, the average of the retail electric load served by clean energy resources over the multiyear implementation period. PSE's forecasted and actual interim target and annual goals for 2022–2025 are listed in Table 3.

[2] Annual CETA percentages for 2018 - 2021: 2018 – 26.8%; 2019 – 25.6%; 2020 – 35.9%; 2021 – 34.6%

Table 3: 2022–2025 annual goals and interim targets[3]

CETA goal	2022 annual goal	2023 annual goal	2024 annual goal	2025 annual goal	2022–2025 interim target (4-year average)
2021 CEIP forecast	43.3%	52.6%	58.7%	63.3%	54.5%
2022–2025 actuals	44.3%[4]	48.0%	52.7%	57.4%	50.6%

As shown in Table 3, PSE increased the annual share of renewable and nonemitting energy each year during the implementation period, demonstrating steady forward progress even as conditions became more difficult. Although beginning in 2023 it did not achieve the original CEIP annual goals, PSE continued to procure CETA-eligible energy throughout the period and worked to narrow the gap under increasingly challenging circumstances. Multiple, compounding headwinds affected PSE's ability to meet the original four-year average target, despite sustained efforts to do so.

These challenges included weather variability affecting both energy demand and renewable generation, higher-than-forecasted load growth, historic low hydro generation that reduced clean energy supply, and COVID-related supply chain disruptions that delayed critical renewable projects from coming online as planned. The hydro generation challenges were particularly severe, with the 2022–2025 period averaging 84% of normal — one of the driest four-year spells on record at The Dalles Dam on the Columbia River — despite starting with an above-normal year in 2022. In response to these challenges, PSE requested to revise its interim target twice before the Washington Utilities and Transportation Commission (UTC or Commission).

The first request occurred in the 2023 Biennial CEIP Update when PSE proposed lowering the 2025 annual goal to 60% while still achieving the four-year average of 54.5%, as reflected in the 2021 CEIP. This revision was driven primarily by the significant increase in retail electric load observed in the first two years of the implementation period. PSE's 2021 IRP and CEIP were developed during the height of COVID-19 in 2020 and 2021. The economic impacts of COVID-19 were not yet fully known at that time, but they had immediate dampening effects on electricity demand. Although forecasts predicted a gradual return to normal, residential electric load bounced back faster than anticipated during the first two years of the implementation period, which increased the amount of renewables required for PSE to achieve its original percentage-based targets.

Additionally, PSE was beginning to experience the impacts of supply chain disruptions, a risk the Alliance of Western Energy Consumers (AWEC) highlighted in the 2021 CEIP adjudicative process,[5] which delayed new renewable projects from coming online as planned and contributing toward PSE's interim target. Cognizant of these challenges, PSE aggressively pursued long- and short-term CETA-

[3] The CETA percentage in Table 3 is calculated using CETA eligible energy divided by CETA retail load. Table 4 shows the electric retail sales, and Table 5 shows the CETA eligible energy. The CETA retail load is the electric retail sales minus the load reduction (Green Direct, PURPA, and Community Solar).

[4] Updated from 2022 Annual Progress Report and 2023 Biennial CEIP Update based on revised data related to BPA energy.

[5] UE-210795 AWEC Post Hearing Brief Page 9: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=910&year=2021&docketNumber=210795

eligible resources throughout the 2022–2025 implementation period to get as close as possible to meeting its interim targets.

In March 2024, in Order 12 approving PSE's 2023 Biennial CEIP Update with conditions, the Commission recognized that "conditions may have changed since PSE initially set its CEIP interim targets." However, the Commission declined to authorize PSE to revise its original targets. Instead, it acknowledged that "unanticipated costs should be considered when reviewing the Company's compliance with the interim targets at the end of the compliance period."

Specifically, the Commission noted "if PSE would need to purchase unreasonably costly energy to meet the 2025 Interim Targets, the Commission will consider this in determining whether the Company has complied with the Interim Targets for the first compliance period." Although the Commission's order did not define the term "unreasonably costly energy," this guidance influenced PSE's approach toward short-term transactions for the remainder of the implementation period (April 2024–December 2025). PSE continued to pursue available short-term CETA-eligible resources, emphasizing the CETA benefit and contribution toward enforceable interim targets, while observing over time that the market cost of these resources appeared to be increasing.

As PSE approached the third quarter of 2024, PSE became increasingly concerned about its ability to meet its 2024 and 2025 annual goals. At that time, the updated electric load forecast was 9–10% higher than PSE's original forecast. This concern was compounded by the persistent underperformance of renewable generation, especially hydro, throughout the year.[6]

Although PSE was pursuing long-term CETA-eligible resources through an active All-Source Request for Proposal (RFP) process at the time, securing additional short-term resources was one of the few avenues available to address this growing near-term shortfall, given the long lead times for resources from that RFP. At the same time, given the guidance in Order 12 and current market conditions in 2024, PSE was concerned that filling this growing gap with short-term resources could result in unreasonable costs for customers.

To address this growing concern, in September 2024, PSE filed a petition that proposed revising the annual goals in 2024 and 2025 to 48%.[7] If the Commission had approved the request, this would have put PSE's interim target at a four-year average of 47% from 2022–2025 and PSE would have exceeded this target by over three percentage points. At that time, PSE determined that meeting the original annual interim targets established in the 2021 CEIP would require acquiring short-term resources with premiums projected to exceed $200 million.

[6] Historical water year data using Northwest River Forecast Center (NWRFC) at The Dalles: 2022: 103.1% (above normal), 2023: 75.6% (below normal), 2024: 77.3% (below normal), 2025: 79.5% (below normal)

[7] Docket UE-210795 PSE Petition to Amend Orders 8 and 12: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1267&year=2021&docketNumber=210795

In November 2024, the Commission issued Order 14,[8] denying the request to lower the interim target. The Commission expressed a concern that changing targets mid-cycle may create a scenario in which "the Commission may receive requests to amend targets based on changing conditions." Another reason stated by the Commission for keeping the interim targets in place is that it "provides incentive to PSE and others to make reasonable progress toward achieving CETA targets." The Commission also stated in the same Order, "the facts and circumstances that PSE presents in this proceeding are not complete, as this is not a compliance proceeding."

Although the Commission stated the facts and circumstances were incomplete, it acknowledged progress. The Commission acknowledged a "[...] clear indication of good faith efforts by the Company to meet the interim targets [...]" and that "[t]he Commission will also consider what appears as reasonable progress already made by PSE in acquiring more than 3,800 MW of nameplate capacity of CETA-compliant resources." In Order 14, the Commission reinforced that it "does not expect or anticipate rote adherence with the interim targets."

Before the Commission issued Order 14 on PSE's petition to decrease interim targets, PSE continued to pursue opportunities to acquire CETA-eligible resources to support compliance, even as market prices for those resources increased. For example, PSE successfully bid on a one-year, 25 MW share of a Pacific Northwest wind farm for 2025 delivery; the contract provided only energy with no capacity. After filing the petition, but before Order 14 was issued, PSE also submitted a successful bid in a counterparty solicitation for specified-source energy to support its 2025 CETA interim targets. In general, PSE's approach to short-term CETA purchases was opportunistic, with most transactions arising from third-party solicitations.

After receiving the Commission's guidance in Order 14, PSE no longer prioritized short-term CETA-eligible resources unless they also served another operational need, such as capacity or reducing Climate Commitment Act (CCA) carbon exposure. PSE continued to make some short-term purchases of specified-source and asset-controlling supplier (ACS) energy, which helped mitigate its carbon exposure under the CCA. Considering rising costs and affordability pressures for customers, PSE shifted its focus to longer-term CETA-eligible resources that would meet CETA requirements for 2030 and beyond.

Despite these challenges and the uncertainty of a future compliance review, PSE continued to make prudent efforts throughout the implementation period to acquire clean energy resources. As demonstrated in Table 5, over the four-year period PSE served substantially more retail electric load with clean energy than it forecasted in the 2021 CEIP. From 2022–2025, PSE supplied 40,185,529 MWh from renewable and nonemitting resources, which exceeds the 40,070,388 MWh PSE projected would be necessary to achieve the interim target.

[8] Docket UE-210795 Order 14: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1377&year=2021&docketNumber=210795

However, electric sales were significantly higher during the implementation period than projected. For example, retail electric sales in 2022 were about 1.6 million MWh higher than forecasted in the 2021 CEIP. As shown in Table 4 and Table 5, actual retail sales and CETA-eligible energy during the implementation period differed materially from the forecast assumptions. Although PSE's clean energy output increased as projected in the 2021 CEIP over the 2022–2025 implementation period, retail sales over the same period were significantly higher than expected.

Table 4: Actual and forecasted electric retail sales (MWh, 2022–2025)

Category	2022	2023	2024	2025	2022–2025 (average)
2021 CEIP forecasted electric retail sales	20,236,296	20,378,670	20,604,482	20,722,203	20,485,413
Actual electric retail sales	21,864,894	21,674,913	21,929,336	22,122,768	21,897,978

Table 5: Actual and forecasted electricity from clean energy generation (MWh, 2022–2025)

Category	2022	2023	2024	2025	2022–2025 (average)
2021 CEIP forecasted clean energy generation	8,104,783	9,762,017	10,821,995	11,381,593	10,017,597
Actual clean energy generation	9,181,054	9,567,829	10,278,260	11,158,386	10,046,382

Table 6 provides a breakdown of how the forecasted retail electric sales, energy, and percentages compare between the forecasts in the 2021 CEIP and actuals across the 2022–2025 implementation period.

Table 6: Comparison of retail sales, energy, and percentage (MWh, 2022–2025)

Year	Source	Electric retail sales	Load reduction	CETA retail load (retail sales-load reduction)	CETA-eligible energy	CETA percentage (CETA-eligible energy / CETA retail load)
2022	2021 CEIP	20,236,296	1,512,019	18,724,277	8,104,783	43%
2022	Actual	21,863,548	1,111,299	20,753,595	9,181,054	44.2%
2023	2021 CEIP	20,378,670	1,800,537	18,578,133	9,762,017	53%
2023	Actual	21,674,913	1,739,057	19,935,856	9,567,829	48.0%
2024	2021 CEIP	20,604,482	2,143,426	18,461,057	10,821,995	59%
2024	Actual	21,929,336	2,406,484	19,522,852	10,278,260	52.7%
2025	2021 CEIP	20,722,203	2,724,716	17,997,487	11,381,593	63%
2025	Actual	22,122,768	2,670,021	19,452,746	11,158,386	57.4%

As previously discussed, PSE's retail electric load growth outpaced its ability to acquire CETA-eligible resources over the implementation period, thereby reducing the percentage of retail electric load served by renewable and nonemitting resources. Since 2022, PSE has modeled electricity from existing and contracted clean energy resources using a P50 risk assessment, which assumes that a resource will achieve its expected mean generation for any given year. However, the gap between actual electricity

and the P50 forecast grew larger over the implementation period. These forecasts were based on P50 conditions and represented a 50% chance of occurring.

For example, if 2025 electric retail sales were held constant at the level forecasted in the 2021 CEIP, with PSE's actual renewable generation in 2025, PSE would have ended the year meeting 62% of retail electric load with renewable and nonemitting resources. Additionally, if hydro generation had performed as forecasted in the 2021 CEIP, PSE would have ended 2025 meeting 65% of retail electric load with renewable and nonemitting resources, even with significantly higher-than-expected growth in retail electric load. Table 7 and Table 8 below provide this breakdown for all implementation years, 2022–2025.

Table 7: Comparison of 2021 CEIP forecasts to actuals holding load forecasts consistent (2022–2025)

Year	2021 CEIP retail load forecast (MWh)	Total CETA-eligible energy, actual (MWh)	CETA percentage (CETA-eligible energy / CETA retail load)
2022	18,724,277	9,181,053	49.0%
2023	18,578,133	9,567,830	51.5%
2024	18,461,057	10,278,261	55.7%
2025	17,997,487	11,158,387	62.0%
Average	18,440,239	10,046,382	54.6%

Table 8: Comparison of 2021 CEIP forecasts to actuals holding hydro generation forecast consistent (2022–2025)

Year	CETA retail load actual (MWh)	Total CETA eligible energy: P50 hydro forecast + actual other renewables (MWh)	CETA percentage (CETA-eligible energy / CETA retail load)
2022	20,753,595	9,393,224	45.3%
2023	19,935,856	11,365,912	57.0%
2024	19,522,852	11,593,158	59.4%
2025	19,452,746	12,676,336	65.2%
Average	19,916,262	11,257,158	56.7%

CETA measures progress over multiyear periods because annual results can vary materially based on load, hydrology, project timing, and market conditions. PSE's first implementation period reflects that reality: clean energy progress was substantial, but year-to-year results were affected by external conditions that annual targets alone cannot fully capture.

Consistent with WAC 480-100-650(1)(a), PSE has evaluated whether and how it met its interim target for the 2022–2025 multiyear implementation period. From a rote-adherence perspective, PSE's actual four-year average of 50.6% clean and nonemitting energy was less than the four-year interim target of 54.5%. However, PSE demonstrated reasonable and sufficient progress through sustained, good-faith

efforts to acquire and deploy CETA-compliant resources, growing its clean energy portfolio by nearly 20 percentage points over the implementation period as compared to the prior four-year period. In doing so, the incremental cost of PSE's actions to meet CETA over the 2022–2025 implementation period slightly exceeded the 2% incremental cost threshold per WAC 480-100-660. PSE's incremental cost methodology and calculations are provided in detail in Section 8 of this report.

The record also shows that PSE's shortfall was driven by circumstances that were, in significant part, outside PSE's reasonable control. These included higher-than-forecast load growth, reduced hydro generation, supply chain delays, project timing challenges, and the lingering effects of forecasts developed during the uncertainty of the COVID-19 pandemic. Even with those constraints, PSE significantly increased its portfolio of clean energy resources as compared to prior periods and supplied more energy from renewable and nonemitting resources over the period (40,185,529 MWh) than projected in the 2021 CEIP (40,070,388 MWh).

The Commission has already recognized PSE's reasonable progress and made clear that interim targets are not judged through rote adherence alone. Viewed under the totality of the circumstances, PSE acted prudently, in good faith, and consistent with the Commission's evolving guidance in this inaugural CEIP period. Based on these considerations, PSE concludes that its actions during the implementation period reflect reasonable and sufficient progress toward achieving interim targets, consistent with WAC 480-100-650(1)(a) and Commission orders.

3. Specific targets

WAC 480-100-650(1)(b) requires each electric utility to demonstrate whether and how it met its specific targets.

PSE's specific targets and actual achievements during this implementation period are summarized in Table 9 and further described in the sections that follow.

Table 9: Specific targets (2022–2025)

Category	Specific target	Actual
Energy efficiency	934,337 MWh	1,089,932 MWh
Demand response	86 MW	86.6 MW
Renewable energy	62.5%	57.1%
Distributed solar	80 MW	79.6 MW
Distributed storage	25 MW	25.8 MW

3.1. Energy efficiency

Energy efficiency was identified as a core strategy for meeting CETA's requirements under RCW 19.405.040(1)(a)(i). In the 2023 Biennial CEIP Update PSE outlined a 934,337 MWh electric savings target for the 2022–2025 CETA implementation period. PSE exceeded this goal by achieving 1,089,932

MWh of energy savings during the 2022–2025 implementation period. While CETA compliance reporting requirements span four years, PSE's energy efficiency programming follows a two-year biennial cycle.[9] The MWh breakdown in Table 10 shows the contributions to the electric savings goal by biennium that comprise PSE's total electric savings achievement.[10]

Table 10: Four-year energy efficiency performance across all sectors

Year	Specific target (MWh)	Actual (MWh)
2022–2023	536,717	515,443
2024–2025	397,620	574,489
Total	934,337	1,089,932

Throughout the implementation period, PSE adaptively managed its energy efficiency portfolio through the COVID-19 pandemic, labor shortages, inflationary pressures, supply chain disruptions and constraints, and a dynamic energy efficiency landscape. PSE addressed these challenges by prioritizing program co-deployment, transparent communication, and adaptive management. To read a complete description of PSE's portfolio-wide programmatic actions and equity efforts on a year-by-year level, please see the 2022–2025 Annual Reports of Energy Conservation Achievements, which can be found in Dockets UE-210822 and UE-230892 for the respective 2022–2023 and 2024–2025 biennial implementation periods.

3.2. Demand response

In the 2021 CEIP, PSE committed to an overall target of 23 MW for its DR programs. After completing an RFP in 2022, PSE adjusted the target in its 2023 Biennial CEIP Update to 86 MW to reflect all cost-effective demand response resources in compliance with Condition 4 of Order 08 approving PSE's 2021 CEIP. PSE met its updated 86 MW demand response target.

Table 11: Demand response energy savings

Category	2021 CEIP	Implementation period specific target	Actual
Demand response	23 MW	86 MW	86.6 MW

[9] In the 2021 CEIP, PSE includes the 2022 and 2023 conservation targets in line with the 2022–2023 Biennial Conservation Plan (BCP). To obtain the total four-year energy efficiency specific target, it applied the same numbers and methodology for years three and four, recognizing it would update the four-year target in the 2023 Biennial CEIP Update. As described in the 2023 Biennial CEIP Update, interim targets for the 2024–2025 energy efficiency specific target were provisional in nature, based on PSE's 2024–2025 draft BCP. See page 20 of the 2021 CEIP for further details: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=151&year=2021&docketNumber=210795

[10] In the 2023 Biennial CEIP Update, PSE updated the 2024–2025 energy efficiency targets, in alignment with the 2024–2025 BCP. See page 2.15 of the 2023 Biennial CEIP Update for further details: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1234&year=2021&docketNumber=210795

3.3. Renewable energy

In the 2021 CEIP, PSE initially set a renewable energy target of 800 MW, representing the nameplate capacity of new CETA-eligible resources planned for deployment. In Order 08, Condition 5 required the target to be expressed as a percentage. Pursuant to Condition 5, PSE updated the renewable target to 10.5% in the 2023 Biennial CEIP Update, reflecting only new renewable resources. In the 2023 Biennial CEIP Update Order 12, Condition 2, PSE received clarification that the target must encompass both new and existing CETA-eligible resources in total, rather than solely new, incremental additions. In response, PSE updated its renewable energy target to 62.5%.

Table 12: Evolution of renewable energy target and achievement

Category	2021 CEIP original specific target (new resources only)	2023 Biennial CEIP Update revised specific target (new and existing resources)	Actual (new and existing resources)
Renewable energy	10.5%	62.5%	57.1%

PSE worked to satisfy its renewable energy target through a portfolio-based strategy that combined long-term resource acquisitions with short-term market purchases. Long-term clean energy and capacity resources were primarily secured through PSE's 2021 and 2024 All-Source RFPs and select bilateral agreements. The 2021 and 2024 All-Source RFPs generated strong market responses, with 95 and 98 proposals received respectively, across a broad range of clean energy, storage, and capacity technologies. Resources selected through these competitive processes provide durable, CETA-compliant energy and capacity that support longer-term compliance objectives.

PSE's long-term renewable energy resources accounted for 41.1% of retail load in 2025.

In parallel, PSE relied on short-term purchases to manage near-term reliability needs driven by the timing of new resource commercial operations, variability in renewable performance, and annual load uncertainty. These short-term purchases, executed through competitive auctions and bilateral transactions, provided critical capacity support during the implementation period, with CETA eligibility serving as a secondary consideration and, where applicable, a benefit.

PSE's short-term renewable energy purchases accounted for 16% of retail load in 2025.

Together, this balanced approach of actively seeking and acquiring renewable resources through long-term RFPs and short-term purchases demonstrated PSE's commitment to making reasonable progress toward the CETA requirements, while ensuring system reliability.

3.4. Distributed solar and storage

PSE pursued distributed solar and storage resources through a combination of established customer- and program-driven offerings, Community Solar program development, and competitive distributed

solar and storage (DSS) RFPs. Together, these actions supported progress toward PSE's CETA-specific targets while addressing system reliability, customer participation, and longer-term distribution system needs.

Table 13 summarizes the Commission-approved distributed solar and distributed storage specific targets established in the 2021 CEIP and the 2023 Biennial CEIP Update, and the cumulative results achieved through the end of 2025.

Table 13: Distributed solar and distributed storage target achievement

Description	Implementation period specific target	Actual
Distributed solar	80 MW	79.6 MW
Distributed storage	25 MW	25.8 MW

Distributed solar actuals reflect the cumulative interconnected distributed solar nameplate capacity across multiple programs and procurement pathways rather than the capacity acquired through any single RFP.

3.4.1. Distributed solar

By the end of 2025, PSE achieved 79.6 MW of distributed solar. The majority of distributed solar capacity contributing toward this target originated from incremental net energy metering and Community Solar programs. PSE's progress toward meeting the 50 MW Community Solar target is discussed in Section 4.5.1.2. PSE issued distributed solar and storage RFPs in 2023 and 2024 to solicit additional distributed solar resources with two projects totaling 0.8 MW, achieving commercial operation by the end of 2025.

Table 14: Summary of distributed solar installed capacity (MW, 2022–2025)

Program	Installed capacity (MW)
Net energy metering installed after March 31, 2024[11]	56.2
Community Solar	16.2
2023 DSS RFP	0.8
Customer-owned distributed solar > 100 kW	6.4
Total	79.6

The installed capacity of net metered solar that PSE reports toward this target is incremental capacity above the 179.2 MW of cumulative capacity achieved on March 31, 2024, when the generating capacity of net metering systems reached 4% of PSE's peak demand in 1996. Pursuant to RCW 80.60.020, PSE was required to offer the benefits of net metering for retail-rate credit until this threshold was reached and thus did not include the capacity of these customer-owned systems below the threshold in its portfolio for CETA compliance.

[11] Reflects the date when PSE reached the state mandated threshold.

3.4.2. Distributed storage

By the end of 2025, PSE achieved 25.8 MW of distributed storage, surpassing its 25 MW distributed storage CEIP target. PSE has had success with its behind-the-meter residential battery energy storage systems (BESS) program acquired from the 2022 Targeted DER RFP and subsequent programming. PSE's Flex Batteries program has a capacity of 7.9 MW; additional non-demand response BESS interconnected to PSE's system has a capacity of 17.9 MW.

While DSS RFPs resulted in a meaningful pipeline of contracted distributed storage projects, no DSS RFP procured storage resources had achieved commercial operation by the end of 2025. Still, PSE procured 37.1 MW, through the 2023 and 2024 DSS RFPs. The 37.1 MW value includes projects that are under contract and excludes additional potential storage projects currently under negotiations. Therefore, this DER storage nameplate value may fluctuate as some projects may be added through negotiations or drop off due to development risks.

Table 15: Summary of distributed storage resources (2022–2025)

Program	Actual
Flex Battery program	7.9 MW
Non-demand response BESS	17.9 MW
Total	25.8 MW

4. Specific actions taken to meet standards at the lowest reasonable cost

WAC 480-100-650(1)(c) requires each electric utility to demonstrate whether and how the specific actions it took made progress toward meeting the clean energy transformation standards at the lowest reasonable cost.

This section describes the actions PSE took during the 2022–2025 implementation period to advance progress toward the Commission-approved interim and specific targets. This section focuses on cost-effectiveness, program and procurement design choices, and reasonable progress toward meeting CETA interim targets; customer benefits and equity considerations are addressed in Section 6 of this Compliance Report.

4.1. Connection to clean energy transformation standards

Washington's clean energy transformation standards (WAC 480-100-610) establish a core set of objectives for all electric utilities in the state: eliminate coal-fired resources on or before Dec. 31, 2025; ensure all retail sales to electric customers are greenhouse gas neutral by Jan. 1, 2030; and, supply 100% of all retail electric sales from nonemitting and renewable energy sources by Jan. 1, 2045. In addition, the transformation standards require Washington utilities to pursue all cost-effective

conservation, energy efficiency, and demand response resources; maintain a safe and reliable electric system; ensure equitable distribution of benefits; and demonstrate progress at the lowest reasonable cost.

PSE's actions during the implementation period advanced progress toward the clean energy transformation standards.

Energy efficiency and demand response actions supported the pursuit of cost-effective conservation and demand response resources. Utility-scale renewable resource acquisitions and distributed solar and storage programs supported progress toward CETA's 2030 and 2045 objectives. Grid modernization actions supported reliable operation and enabled the increasing adoption of distributed energy resources (DERs) over time. Across all areas, PSE used regulatory proceedings and review mechanisms most appropriate to each specific action category to demonstrate alignment with the lowest reasonable cost.

4.2. Energy efficiency

Energy efficiency reduces the amount of electricity needed to serve customers, lowering overall system costs and reducing the amount of new clean energy supply required to meet Washington's clean energy transformation standards, specifically WAC 480-100-610(4)(a).

4.2.1. Program implementation and outcomes

PSE exceeded its energy efficiency specific target, achieving 1,089,932 MWh of energy savings against a specific target of 934,337 MWh of energy savings during the 2022–2025 implementation period.

PSE deployed a coordinated portfolio of energy efficiency and conservation actions across residential, commercial, and regional programs. Program adjustments were informed by established cost-effectiveness practices documented through biennial and annual conservation reporting. PSE discontinued or did not scale pilots or delivery strategies that did not demonstrate sufficient or reliable value, thereby avoiding unnecessary cost exposure.

Energy efficiency savings are tracked and verified at the project and portfolio levels using Commission-approved methodologies.

4.2.1.1. Residential Energy Management

PSE's Residential Energy Management (REM) programs launch and adapt energy efficiency programs for residential customers. REM programs empower energy-saving choices through customer education and incentives for energy-efficient products.

Table 16: Residential Energy Management programs

Program categories	Description
Low-Income Weatherization	Provides energy efficiency upgrades (e.g., insulation, air sealing, duct improvements) to income-qualified households to reduce energy burden and improve home efficiency
Single-Family Existing	Delivers rebates and incentives for energy efficiency upgrades in existing single-family homes, including equipment and building shell improvements
Single-Family New Construction	Promotes high-efficiency design and construction practices for new single-family homes to exceed energy code requirements
Multifamily Retrofit	Provides incentives for energy efficiency improvements in existing multifamily buildings
Multifamily New Construction	Encourages energy-efficient design and construction of new multifamily buildings

4.2.1.2. Business Energy Management

PSE's Business Energy Management (BEM) programs develop energy efficiency programs, custom incentives, and tools for small and medium businesses (SMBs) and commercial and industrial customers.

Table 17: Business Energy Management programs

Program categories	Description
Commercial/Industrial Retrofit	Offers custom incentives and technical support for energy efficiency upgrades in existing commercial and industrial facilities
Commercial/Industrial New Construction	Encourages high-efficiency design and system integration in new commercial and industrial buildings
Energy Performance Incentive Programs	Provides performance-based incentives tied to measured energy savings, often using whole-building or strategic energy management approaches
Large Power User Self-Directed	Allows large industrial customers to self-direct conservation funds toward custom energy efficiency projects
Commercial Rebates	Offers prescriptive incentives for common energy efficiency upgrades (e.g., lighting, HVAC, controls) in commercial facilities

4.2.1.3. Pilots

Pilot programs are developed to test the effectiveness and conservation potential of new technologies; test enhanced evaluation, measurement, and verification methodologies; and discover ways to meet evolving customer demands. Pilot programs help inform future program design and potentially fill the long-term technology pipeline. Pilot programs often have uncertain savings.

During the implementation period, PSE pursued pilots of a Retail Choice Engine and a Home Energy Display, both of which were discontinued following independent evaluations. In 2023, PSE also conducted a Hybrid Heat Pump pilot to research the benefits of, and barriers to, hybrid heat pump

adoption in single-family homes located in PSE's dual fuel territory. After a comprehensive evaluation of the pilot's success, PSE adopted it into its Single-Family Existing program.

4.2.1.4. Other initiatives

Northwest Energy Efficiency Alliance

During the 2022–2025 implementation period, PSE continued its participation in the Northwest Energy Efficiency Alliance (NEEA) as a regional partner advancing market transformation initiatives.

Targeted demand-side management

Targeted demand-side management (TDSM) is an energy efficiency initiative that identifies local conservation and DR potential to mitigate acute infrastructure costs required for capacity constraints. This allows PSE to offer higher rebates and incentives to PSE customers in these locations than those in its broader service territory.

During this implementation period, PSE launched TDSM programs on Bainbridge Island and in Duvall under the name Peak Energy Rewards.

4.2.2. Lowest reasonable cost alignment

Energy efficiency actions are implemented through Commission-approved conservation planning and cost recovery mechanisms, with portfolio-level cost-effectiveness and regulatory review serving as the primary demonstration of the lowest reasonable cost.

To read a complete description of PSE's portfolio-wide programmatic actions and equity efforts, please see the Annual Reports of Energy Conservation Achievements and the Biennial Conservation Reports for Electric and Natural Gas Programs from years 2022–2025 that can be found in Dockets UE-210822 and UE-230892 for the respective 2022–2023 and 2024–2025 biennial implementation periods.

4.3. Demand response (including time-of-use pilot)

Demand response reduces or shifts customer load during periods of peak system need, providing a flexible alternative that supports system reliability and can reduce the need for additional supply-side capacity. PSE's demand response efforts directly support compliance with Washington's clean energy transformation standards. PSE's demand response programming was introduced during this implementation period through the 2021 CEIP.

On Aug. 15, 2023, PSE's DR program called its first load shed event. For two hours, nearly 450,000 residential PSE electric customers voluntarily reduced their energy use and reduced the load to the grid by just over 6 MW. Since that time, DR has grown significantly, adding direct-control thermostat and water heater programs, electric vehicle load flexing, customer-sited batteries, and commercial customers, all controlled through a dispatch system that includes a Virtual Power Plant (VPP).

By 2025, PSE had demonstrated the ability to curtail up to 89.4 MW of capacity over event windows lasting as long as four hours, with over 600,000 PSE customers participating. PSE's capabilities had evolved from simple peak-hour capacity dispatch to genuine load shaping, staggering programs over event windows to optimize grid conditions. Furthermore, the evolution of PSE's programs continues as it adds additional use cases, expands opportunities for customer participation, and partners with leading industry providers to help us achieve a clean, reliable grid.

The 2023 Biennial CEIP Update included time-varying rates (TVR) as a discrete pilot effort. For purposes of this Compliance Report, TVR is described here as PSE's time-of-use (TOU) pilot and is a complementary action, rather than a component of the DR-specific target.

4.3.1. Program implementation and outcomes

PSE achieved its DR-specific target, reaching a peak program performance of 86.6 MW on Feb. 12, 2025, versus a target of 86 MW for the 2022–2025 implementation period. 86.6 MW is the peak load shed (maximum amount of energy reduction) achieved in a single event during a single increment of time, 6:45-7 p.m. Note that this single-interval performance is different from DR's Event Level Nameplate Capacity, which is a measurement described in Section 4.3.1.3. of this report.

PSE implemented a portfolio of DR offerings for residential and commercial customers, including automated demand response (ADR), behavioral demand response (BDR), and business demand response (BDRP). Over the implementation period, programs operated across defined seasonal structures and included multiple dispatch events.

PSE has two demand response seasons, summer (May 1–Sept. 30) and winter (Nov. 1–March 31), except for business demand response, which is year-round. Each event is 100% voluntary and customers may opt out of any event.

4.3.1.1. Demand response procurement

PSE issued the 2022 DER RFP to bidders on Feb. 7, 2022, to meet capacity and clean energy resource needs established in the 2021 Integrated Resource Plan (IRP) and 2021 CEIP. Bids were due on March 21, 2022. PSE received a total of 29 offers from 15 unique bidders representing 164 MW of BESS and DR capacity, along with related program design and implementation services.

Three bidders were selected for a portfolio comprising of ADR, BDR, and BDRP programs. Final contracts were executed in September 2023. See Docket UE-210878 for a review of the RFP process.

4.3.1.2. Demand response portfolio progression

PSE developed its DR portfolio during the 2022–2025 implementation period to provide flexible capacity resources that can respond to peak system conditions. Initial implementation focused on establishing a BDR foundation, enabling system-wide participation and demonstrating early curtailment

capability. PSE subsequently expanded the portfolio to include ADR and BDRP programs, increasing both participation and operational control. As the portfolio matured, additional resource types including electric vehicles, battery storage, and water heating were integrated to enhance resource diversity and controllability. See Table 18 for a summary of PSE's portfolio of DR programs.

Table 18: Demand Response portfolio of programs

Program	Description	DR type	Audience	Tariff
Business Demand Response	Provides financial incentives to commercial and industrial customers for curtailing or shifting load during peak demand events	Behavioral and Automated	Commercial and Industrial	Sch. 271
ecobee Grid Resiliency	Automated demand flexibility service that enables small, time-limited thermostat adjustments across enrolled ecobee devices to reduce peak load	Automated	Residential	Sch. 272
Flex Batteries	Enables PSE to dispatch enrolled residential BESS as distributed grid resources during peak demand periods	Automated	Residential	Sch. 272
Flex Business	Incentive-based behavioral program rewarding small to medium business customers for voluntarily reducing electricity use during peak periods	Behavioral	Small and Medium Businesses	Sch. 271
Flex EV	Enables PSE to shift residential electric vehicle charging outside peak demand periods through managed charging controls	Automated	Residential	Sch. 272
Flex Events	A non-incentivized behavioral program in which customers are encouraged to voluntarily reduce electricity use during peak periods	Behavioral	Residential	Sch. 272
Flex Smart	Enables automated adjustment of thermostat setpoints for enrolled smart thermostats to reduce peak demand	Automated	Residential; Small and Medium Business	Sch. 272
Flex Rewards	An incentive-based behavioral program rewards customers for voluntarily reducing electricity use during peak periods	Behavior	Residential	Sch. 272
Flex Water Heaters	Allows PSE to temporarily pause or shift the operation of enrolled electric water heaters using connected control technologies	Automated	Residential	Sch. 272

4.3.1.3. Demand response program performance

PSE held 53 DR events during this implementation period, with events serving residential and business customers. As the DR program portfolio matured, PSE experienced increasing customer participation and successive performance milestones. See Table 19 for DR performance throughout the implementation period. The Event Level Nameplate Capacity is the sum of the best 15-minute interval performance by each program within a single event within that season.

Table 19: DR events by calendar year

Year	Customers enrolled	Season	# of DR events	Event Level Nameplate Capacity (MW)	Achievement date
2022	N/A	N/A	N/A	N/A	N/A

Year	Customers enrolled	Season	# of DR events	Event Level Nameplate Capacity (MW)	Achievement date
2023	448,000	Summer	1	6.1	Aug. 15, 2023
2023	280,000	Winter	8	33.1	March 6, 2024
2024	593,000	Summer	12	60.2	Aug. 8, 2024
2024	625,000	Winter	20	89.4	Feb. 12, 2025
2025	528,000	Summer	10	84.2	July 29, 2025
2025	565,000	Winter	1	68.9	Dec. 3, 2025

4.3.2. Lowest reasonable cost alignment

Demand response program design and vendor selection emphasized reliable peak reduction performance while managing cost and delivery risk through competitive procurement. Demand response specific actions are developed through Commission-approved tariffs and competitive procurement.

The cost-effectiveness of PSE's DR programs during the 2022–2025 implementation period was primarily demonstrated through general rate case proceedings (Dockets UE-220066/UG-220067 and UE-240004/UG-240005), with program performance and costs further evaluated through conservation reporting filings (Docket UE-230892).

4.3.3. Time-of-use pilots

PSE implemented a TOU pilot to test customer responses and demand impacts before considering broader deployment of time-varying rates. PSE's TOU program is designed to reduce demand during peak periods by offering participants electric rates that vary by time of day, incentivizing reduced energy usage during peak periods.

PSE's TOU pilot ran from Oct. 1, 2023 through Sept. 30, 2025 and evaluated how customers respond to pricing to support load shifting, system efficiency, and long-term affordability. Residential customers were assigned to five treatment groups based on income status and selected rate schedules (Schedules 307, 317, or 327), with a sixth treatment group (Schedule 324) comprised of small- to medium-sized business customers. See Table 20 for descriptions of the schedules used for the TOU pilot program.

Table 20: Time-of-use schedules

Schedule	Name	Description
307	Residential TOU	An optional residential TOU rate that applies differentiated energy prices across on-peak and off-peak periods, designed to encourage customers to shift consumption away from peak demand hours
317	Residential TOU with Peak Time Rebate (PTR)	Optional residential TOU rate incorporating a peak time rebate mechanism that provides bill credits for reducing usage during designated peak events, in addition to time-varying pricing signals.

Schedule	Name	Description
324	General Service TOU with PTR	Optional commercial (SMB) TOU rate that combines time-varying pricing with a peak time rebate mechanism to incentivize load reductions during designated peak demand events.
327	Residential TOU with Super Off-Peak	Optional residential TOU rate featuring an additional “super off-peak” pricing period (e.g., overnight hours), designed to encourage substantial load shifting — particularly for flexible loads such as electric vehicle charging.

Participants on all TOU residential rates achieved significant demand reductions during rate-specific on-peak periods in both summer and winter. Percentage reductions in on-peak usage were statistically significant for every rate, income group, season, and year, and the results were consistent across all groups and time periods (average percentage reductions did not differ significantly for morning and evening on-peak periods). In both years, all residential pilot treatment groups saved money on average compared to remaining on standard rates.

SMB customers on Schedule 324 experienced minimal bill impacts, with average savings of $43 in the first year but spending roughly $29 more than the baseline in the second year. The billing results for Schedule 324 generally support the conclusion that TOU is not well-aligned with these business customers’ usage patterns.

See Table 21 for a summary of the pilot program outcomes and the CADMUS Time-Varying Rates Pilot Evaluation for additional details and results.

Table 21: Time-of-use pilot summary outcomes

Type	Schedule	Average peak demand reduction impact (kW)	Average annual savings
Residential	307	0.11-0.18	$28-$90
Residential	317	0.07-0.16	$3-$58
Residential	327	0.17-0.64	$258-$287
Commercial	324	-0.13-0.07	$43 (year 1) -$29 (year 2)

Additional information regarding program development, evaluation, and regulatory review is included in Docket UE-250725.

4.4. Renewable energy resources

Renewable and nonemitting energy resource procurement is required to make progress toward PSE’s interim target and Washington’s clean energy transformation standards (WAC 480-100-610(1), 610(2) and 610(3)).

4.4.1. Program implementation and outcomes

Renewable energy specific target performance is evaluated in the final year of the implementation period, whereas interim targets are evaluated based on performance across the multiyear

implementation period. PSE did not meet its renewable energy resource specific target, achieving 57.1% in 2025 against a specific target of 62.5%.

PSE pursued renewable energy resources through an acquisition strategy designed to address evolving capacity and clean energy needs under CETA. This strategy combined competitive solicitations, bilateral transactions, and development rights acquisitions, and was informed by updated load forecasts, resource adequacy considerations, and policy and market conditions.

4.4.1.1. Renewable energy resource acquisition efforts

RFPs were a core component of PSE's renewable energy acquisition strategy. In 2021, PSE issued an All-Source RFP seeking commercially viable resources of five megawatts or larger capable of meeting PSE's capacity and CETA-eligible renewable energy needs. Proposals were evaluated using qualitative and quantitative assessments as discussed in Appendix D of PSE's 2023 Biennial CEIP Update.

Changing market and policy conditions during evaluation required PSE to adapt its solicitation process. Inflationary pressures, supply-chain disruptions, evolving solar tariff policy, federal tax incentive changes, and updated system needs identified in the 2023 Electric Progress Report prompted multiple rounds of offer updates and an expanded review of both shortlisted and backup-listed projects. Consistent with WAC 480-107-075(4), PSE discontinued negotiations or reassessed alternatives where siting, interconnection, transmission, pricing, or delivery risks were identified.

The 2021 All-Source RFP resulted in the successful negotiation and execution of two wind projects, one solar project, and two battery energy storage systems, all scheduled to reach commercial operation by 2028. See the 2021 All-Source RFP Close-out Report pursuant to WAC 480-107-145(2) in Docket UE-210220 for details.

Following completion of the 2021 All-Source RFP, PSE issued a voluntary 2024 All-Source RFP to support its capacity and renewable energy needs through 2030. This solicitation resulted in executed agreements for wind, solar, battery energy storage, and hybrid solar plus storage resources, with projects expected to be online by 2030. See Docket UE-240532 for details of the 2024 voluntary All-Source RFP.

See Table 22 for a summary of utility-scale resource acquisitions throughout the implementation period.

Table 22: Utility-scale resource acquisitions (2022–2025)

Acquisition vehicle	Resource	Resource type	Nameplate capacity (MW)	Commercial operation date/start date
2021 All-Source RFP	Vantage	Wind	90	2025
2021 All-Source RFP	Appaloosa	Solar	142	2027
2021 All-Source RFP	Haymaker	Wind	315	2028
2021 All-Source RFP	Greenwater	Battery	200	2027
2021 All-Source RFP	BESS	Battery	200	2028

Acquisition vehicle	Resource	Resource type	Nameplate capacity (MW)	Commercial operation date/start date
2024 All-Source RFP	Big Horn	Wind	199.5	2028
2024 All-Source RFP	Schnebly	Solar	90	2029
2024 All-Source RFP	Dry Falls	Hybrid (solar + battery)	400+200	2029
2024 All-Source RFP	BESS	Battery	130	2028
Bi-lateral & other	Beaver Creek	Wind	248	2025
Bi-lateral & other	Brookfield	Hydro	50	2026
Bi-lateral & other	Lower Snake River 2	Wind	152	2028
Bi-lateral & other	Beaver Creek 2	Wind	70.5	2028
Bi-lateral & other	Battle Butte	Solar	130	2028

In parallel, PSE relied on short-term purchases primarily for near-term capacity and reliability needs driven by resource timing, renewable variability, and load uncertainty. At times, PSE executed purchases that primarily contributed to CETA interim targets. In its 2024 petition to lower interim targets,[12] PSE raised concerns about the potential cost of acquiring short-term resources to meet its renewable energy targets in 2024 and 2025.

On page 5 of Order 14, the UTC reinforced a recognition that "simply purchasing expensive short-term clean energy contracts solely to meet the interim target would represent unnecessary rote adherence to the Commission's rules and may not be a prudent action." Consistent with this guidance, PSE no longer pursues short-term purchases solely to meet interim targets; under its current evaluation framework, it evaluates such transactions based on system need and cost considerations. See Table 23 for a summary of short-term resource purchases with CETA contributions during the implementation period.

Table 23: CETA-eligible short-term resource purchases (2022–2025)

Resource	Nameplate capacity	Timeframe	Docket
Mid-C	43 MW	2022–2024	UE-220066
Mid-C	43 MW	2024–2029	UE-240004
Mid-C	96 MW	2022–2026	UE-220066
Mid-C	96 MW	2024–2028	UE-240004
Mid-C	72 MW	2022–2025	UE-220066
Mid-C	72 MW	2024–2025	UE-240004
Mid-C	13 MW	2025	UE-220066
Mid-C	150 MW	2024–2025	UE-240004
Mid-C	75 MW	2025–2026	UE-250318
Mid-C	125 MW	2025	UE-250318
Seasonal peak	500 MW	2022–2024	UE-230313
Seasonal peak	250 MW	2025–2026	UE-250318

[12] PSE's petition to lower 2024 and 2025 annual interim targets: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1343&year=2021&docketNumber=210795

Resource	Nameplate capacity	Timeframe	Docket
Short-term wind	25 MW	2025	UE-250318
BPA	100 MW	2022–2026	UE-200980

4.4.2. Lowest reasonable cost alignment

PSE's approach balanced progress toward clean energy targets with portfolio risk management considerations.

Renewable energy resource acquisitions relied on competitive procurement through all-source RFPs and bilateral transactions, and in certain cases, on comparative analysis of resources identified in recent RFP processes. Review through general rate case proceedings served as the primary mechanism for demonstrating the lowest reasonable cost.

Short-term purchases were used selectively to meet primarily operational needs, including managing near-term reliability and variability, and in many cases also contributed to achieving CETA clean energy goals. These transactions were reviewed through power cost adjustment proceedings, which served as the primary mechanism for demonstrating the lowest reasonable cost.

Details on the cost-effectiveness of these activities are available in the general rate case dockets UE-220066, UG-220067, UE-240004 and UG-240005 and power cost adjustment filings in dockets UE-230805 and UE-240288.

4.5. Distributed solar

Distributed solar resources provide localized generation that enhances grid resilience, supports system reliability, and helps manage peak demand and local constraints. These resources also contribute to progress toward Washington's clean energy transformation standards including WAC 480-100-610(2) and 610(3).

4.5.1. Program implementation and outcomes

PSE achieved 79.6 MW of installed distributed solar nameplate capacity between 2022 and 2025 and contracted an additional 12.3 MW that is not yet operational, as compared to a target of 80 MW.

During the 2022–2025 implementation period, PSE pursued distributed solar resources through a portfolio-based DER approach designed to advance clean energy delivery and expand customer participation and access. This approach combined utility enabled programs, customer-owned generation, developer-led distributed generation, and targeted incentives. It was informed by system capacity constraints, distribution level feasibility, equity objectives, and community feedback. In alignment with Condition 21 of Order 08, PSE modified its program design and offerings to better ensure benefits flow to named communities.

4.5.1.1. Distributed energy resource acquisition efforts

PSE issued RFPs during each year of the implementation period[13] to acquire third-party solar and storage projects ranging from 0.2 to 6 MW in scale. These RFP efforts resulted in 780 kW of operational solar capacity at the end of 2025, and an additional 12.3 MW under contract and expected to be operational by 2028.

See Docket UE-210878 for information on the 2022 Targeted DER RFP; Docket UE-220971 for the 2023 DSS RFP; Docket UE-240377 for the 2024 DSS RFP; and Docket UE-250731 for the 2025 DSS RFP.

PSE expects to continue soliciting distributed solar and storage projects through future DSS RFPs but anticipates fewer solar awards as project cost effectiveness declines due to tariffs and the loss of the federal Investment Tax Credit.

4.5.1.2. Community Solar

From 2022 to 2025, PSE added 10.4 MW of Community Solar capacity, creating 7,109 new subscription shares, surpassing 16 MW of installed capacity with 40% reserved for income-eligible customers.

See Table 24 for a summary of the Community Solar progression throughout the implementation period.

Table 24: Community Solar installed capacity (MW); 2022–2025, cumulative[14]

Type	2022 year-end	2023 year-end	2024 year-end	2025 year-end
PSE-owned Community Solar	0.8	0.8	0.8	1.2
Non-PSE-owned Community Solar	5.0	15.0	15.0	15.0
Total	5.8	15.8	15.8	16.2

While PSE continues to advance a pipeline of Community Solar projects through RFPs, new partnerships, and community-submitted proposals, progress toward the expanded 50 MW target under Order 08, Condition 18[15] has been constrained by development timelines, lease and permitting risks, and building suitability limitations. PSE will strive to make continued progress toward meeting Condition 18 over the next implementation period.

[13] 2022: Targeted DER RFP; 2023-2025: Distributed Solar and Storage RFPs.
[14] Growth over the implementation period is calculated as the difference between year-end 2022 and year-end 2025 totals.
[15] Order 08, Condition 18 - page 74: Community Solar. PSE will increase its Community Solar target from 25.4 MW to 50 MW by 2025.

4.5.1.3. Solar Grants

PSE's Solar Grant program provides annual funding for net-metered solar installations at community-based organizations, government agencies, and Tribal entities serving historically marginalized communities, with awards of up to $100,000 per project. Applicants were evaluated and prioritized by how the project's bill savings are reinvested locally, furthering two of the objectives of Order 08, Condition 21, which is to better ensure the benefits flow to named communities and to go beyond using income as the sole criterion for program eligibility. From 2022 to 2025, the program supported 40 projects totaling approximately 1.03 MW of installed capacity, distributed $2.6 million to interconnected projects, and delivered an estimated $190,000 in annual energy bill savings.

Table 25: PSE Solar Grant program results (2022–2025)

Installation year	Number of projects installed	Total amount awarded[16]	Total kW installed	Estimated annual energy bill reduction
2022	14	$1,038,465	424	$77,925
2023	9	$678,670	276	$50,762
2024	7	$530,285	209	$38,391
2025	10	$334,416	122	$22,470
Totals	40	$2,581,836	1,032	$189,548

Solar Grant program expansion and targets were established through the 2021 CEIP (Docket UE-210795).

4.5.1.4. Net metering

PSE's net energy metering (NEM) program offered as Rate Schedule 150, provides interconnection services for qualifying customer-generators in accordance with RCW 80.60.020, which requires utilities to offer "retail rate" net metering until the earlier of either June 30, 2029 or when the cumulative generating capacity of net metering systems equals 4% of the utility's peak demand in 1996. PSE reached this threshold with a net-metered-generating capacity of 179.2 MW in March 2024. Per Schedule 150, as revised in 2024, net metering remains available to new participants until a new rate schedule becomes available for customer-owned renewable generating systems up to 100 kW. Customer-owned net metering systems placed into operation after March 31, 2024 are counted toward the DER solar target.

Net metering program implementation within PSE's clean energy portfolio was guided by the 2021 CEIP (Docket UE-210795), with further discussion in Docket UE-231031.

[16] Represents awarded and expended funds only.

4.5.1.5. Solar energy credit and multi-occupant solar

As emphasized in the DER Community Engagement Report[17] and based on feedback from the Equity Advisory Group (EAG), the largest barrier to customers adopting solar is the upfront cost of purchasing and installing the array itself. PSE offers enhanced incentives of up to $250,000 per solar array to eligible entities, including multi-occupant building owners and community-based organizations, to help cover these upfront costs. This approach furthers three of the objectives of Order 08, Condition 21, which is to better ensure the benefits flow to named communities, offer higher incentives for named communities, and to go beyond using income as the sole criterion for program eligibility. Combined, PSE has awarded more than $3 million in enhanced incentives[18] for systems totaling 1.7 MW of planned installed capacity.

PSE also launched two additional programs during this implementation period to further expand customer participation and bring more privately owned solar generation onto its distribution system.

Solar Energy Credit (Schedule 667) pays solar generators for every kW they export to the grid up to 1000 kW. Solar Energy Credit is targeted at customer-owned systems that are larger than most net metering projects but not suited for a long-term Schedule 91 power purchase agreement.

Multi-occupant solar (Schedule 686) provides a pathway to share the benefits of solar with occupants of the same or contiguous property (the contiguous requirement does not apply to Tribal entities). The value of any exported energy is automatically added to customers' bills as a financial credit.

Additional information regarding program development, including tariff design and Commission review of Schedules 667 and 686, is included in Docket UE-240565.

4.5.1.6. Residential rent-to-own solar

During 2023–2025, PSE surveyed customers to assess interest in a residential rent-to-own solar concept under which PSE would install and transfer ownership of a home solar system to the customer after a 15-year payment term. Due to declining customer interest, high development complexity, and the ability to reach more customers through alternative offerings such as multi-occupant solar, the product was not developed or launched in 2025.

Residential rent-to-own solar program development was discussed as a specific action in PSE's 2023 Biennial CEIP Update (Docket UE-210795).

[17] https://www.pse.com/-/media/PDFs/Storing-your-own-Power/7989_DER_Community_Engagement_Report.pdf

[18] These solar products offer enhanced incentives of up to $250,000 per solar array for community-based organizations, government agencies and Tribal entities serving historically marginalized communities. Up to $50,000 of the award can be used for interconnection fees.

4.5.2. Lowest reasonable cost alignment

Distributed solar actions relied on a combination of tariff-based program design, targeted incentives, and competitive procurement through distributed solar and storage RFPs. Lowest reasonable cost alignment is demonstrated through program design review and the competitive procurement process used to solicit projects. Details on the cost-effectiveness framework for DERs are available in Docket UE-210804.

4.6. Distributed storage

Distributed storage resources provide localized energy shifting and flexible capacity that enhance grid resilience, support system reliability, and help manage peak demand and local constraints. These resources also contribute to progress toward Washington's clean energy transformation standards including WAC 480-100-610(4)(b).

4.6.1. Program implementation and outcomes (2022–2025)

PSE met its specific target for distributed energy storage, achieving 25.8 MW of installed nameplate capacity against a target of 25 MW for the 2022–2025 implementation period.

PSE pursued DER storage through a combination of customer- and program-driven offerings and competitive DSS RFPs. These efforts produced both operational capacity during the implementation period and BESS that will contribute toward future implementation periods.

4.6.1.1. Flex Batteries

PSE launched Flex Batteries in November 2024 for residential electric customers with eligible BESS interconnected to PSE's grid. Customers voluntarily enroll their systems and receive:

- A one-time enrollment incentive of $75 per kWh of battery capacity, up to $1,000, and
- An annual participation incentive of $0.50 per kWh for participation during Flex events, up to $500 annually.

Consistent with the DER solar approach and Condition 21 of Order 08, the Flex Batteries program was designed with enhanced incentives (up to $10,000 per eligible project) and targeted technical assistance to eligible[19] customers who may experience barriers to participating in battery programs.

These incentives enable enrolled batteries to provide aggregated grid services during peak events while preserving customer access to backup power during outages. Backup power increases reliability for those customers and reduces vulnerabilities resulting from outages, furthering one of the objectives of Order 08, Condition 21. Consistent with Order 08, Condition 19, Flex Batteries does not support

[19] The Flex battery program offers enhanced incentives of up to $10,000 per eligible project to vulnerable populations and reliability focused customers as defined in Schedules 611 and 683.

leased systems. All enhanced incentives apply exclusively to customer-owned battery installations, supporting long-term customer value and alignment with CETA equity objectives. See Table 26 for a summary of available battery incentives.

Table 26: Summary of available residential battery incentives

Incentive type	Incentive per project	Availability
Load management incentives	One-time enrollment incentive of up to $1,000	All qualified customers
Load management incentives	Annual participation incentive of up to $500	All qualified customers
Limited customer-owned BESS purchase incentive	Purchase and installation incentive of up to $10,000 per eligible project.	Exclusively offered to vulnerable population customers[20] and reliability-focused customers[21]

Additional information regarding program development, implementation, and regulatory review is included in Docket UE-240715.

4.6.1.2. Non-demand response BESS capacity

In parallel with PSE's formal Flex Batteries demand response program, PSE has identified and evaluated 17.9 MW of non-demand response, customer-owned, behind-the-meter battery capacity by residential and commercial customers who are either not presently eligible for or have opted not to participate in the Flex Batteries program.

Consistent with the objectives outlined in Condition 21 of Order 08, these customer-owned systems provide significant localized benefits, including backup power and limited demand charge management through customer self-optimization. Collectively, these 17.9 MW contribute to system-wide resilience and reflect a strong and growing interest of some of PSE's customers in energy resilience and reliability.

Looking forward, the 17.9 MW of non-DR BESS capacity presents an opportunity to explore new program pathways and to inform broader DER management strategies that capture value for both customers and the grid over time.

4.6.1.3. Distributed storage program development and evaluations during the implementation period

During the 2022–2025 implementation period, PSE undertook several program development, pilot, and partnership activities to inform current and future DER storage offerings. PSE advanced development

[20] Defined in Electric Schedules 611 and 683 as communities that experience a disproportionate cumulative risk from environmental burdens due to: adverse socioeconomic factors including unemployment, high housing and transportation costs relative to income, access to food and health care, and linguistic isolation; and sensitivity factors such as low birth weight and higher rates of hospitalization.

[21] Defined in Electric Schedules 611 and 683 as a customer who is located in an area of greatest concern as reported by the Company per WAC 480-100-398, electric service reliability reports.

of a commercial, industrial, governmental, and Tribal (commercial and industrial) battery program to incentivize customers to deploy battery storage on their premises, providing backup power, resiliency benefits, and peak load management. Insights from this work are intended to inform future program design and implementation.

In addition, PSE partnered with two Washington Department of Commerce Solar Plus Storage for Resilient Communities grant recipients — King County's Regional Command and Emergency Coordination Center and Good Cheer Food Bank on Whidbey Island — providing matching financial support and interconnection guidance for battery installations. These projects supported critical community resilience needs, such as emergency response and food security, and contributed to PSE's understanding of the deployment of distributed storage in municipal and nonprofit settings.

Finally, PSE evaluated a residential rent-to-own, behind-the-meter battery concept during the implementation period as a potential mechanism to address upfront cost barriers. Following the passage of the One Big Beautiful Bill in July 2025, changes to tax incentives materially reduced the cost-effectiveness of this approach, and the concept was not advanced further.

4.6.1.4. Distributed energy resource acquisition efforts

PSE issued RFPs during each year of the implementation period[22] to acquire third-party solar and storage projects ranging from 0.2 to 6 MW in scale. These RFP efforts have resulted in BESS agreements totaling 37.1 MW across the 2023 and 2024 DSS RFPs, but none are operational to date. All contracts are with third-party developers responsible for the development, construction, and operation of the projects. Common challenges in securing resources include rising project costs, policy changes and issues with site selection and control.

See Docket UE-210878 for information on the 2022 Targeted DER RFP; Docket UE-220971 for the 2023 DSS RFP; Docket UE-240377 for the 2024 DSS RFP; and Docket UE-250731 for the 2025 DSS RFP.

PSE expects to continue soliciting distributed solar and storage projects through future DSS RFPs.

4.6.2. Lowest reasonable cost alignment

Distributed storage actions relied on competitive procurement and program design review, including distributed solar and storage RFPs for distribution-connected projects and tariff-based design for customer-facing storage offerings. Lowest reasonable cost alignment is demonstrated through the competitive procurement process and review of program design and incentives.

Details on the cost-effectiveness of these programs are available in Docket UE-210804.

[22] 2022: Targeted DER RFP; 2023-2025: distributed solar and storage RFPs; 2025 also included BESS projects targeted for the Bonney Lake and Longmire substations.

4.7. Grid modernization

Grid modernization actions improve distribution system efficiency and prepare the system to support increasing levels of clean energy and distributed resource integration over time, consistent with Washington clean energy transformation standard WAC 480-100-610(4)(b).

4.7.1. Program implementation and outcomes

During the 2022–2025 implementation period, PSE advanced a set of grid modernization initiatives designed to improve distribution system efficiency, enable the integration of increasing levels of DERs, and support cost-effective progress toward CETA compliance.

4.7.1.1. Conservation voltage reduction

PSE implemented conservation voltage reduction (CVR) as a foundational grid optimization strategy throughout the implementation period. Between 2022 and 2025, PSE completed 31 CVR projects across its distribution system, representing a total investment of approximately $1.86 million and delivering an estimated 16.7 million kWh of annualized energy savings. Early CVR projects focused on simpler configurations, while later projects incorporated line regulators and more advanced infrastructure, increasing per project capital costs while enabling greater system optimization. Across all sites, CVR achieved an average energy reduction of approximately 0.7% per site without compromising service reliability, demonstrating that CVR is a cost-effective conservation measure that supports CETA and Washington State energy efficiency objectives. Please see Table 27 for details.

Table 27: Conservation voltage reduction savings (2022–2025)

CVR year	CVR projects implemented	Estimated annualized energy savings (kWh)	Affected load (kWh)	% energy savings
2022[23]	5	2,980,966	No usage data	N/A
2023	12	5,142,516	797,144,142	0.65%
2024	10	3,620,075	550,395,367	0.66%
2025[24]	4	4,954,934	181,051,714	2.74%

4.7.1.2. Volt-Var Optimization

Building on its CVR implementation, PSE advanced Volt-Var Optimization (VVO) to enable more automated and dynamic control of distribution system voltage. VVO dynamically manages voltage and reactive power to improve distribution system efficiency, support peak demand reduction, and maintain voltage within acceptable ranges.

[23] Projects implemented at the end of 2021, reported savings in 2022
[24] Verification of energy benefits in progress for two sites implemented in 2025

From 2022–2025 PSE completed business case development, detailed scoping, technical and system design, vendor selection, equipment field deployment, and distribution system tuning. Field devices were installed and commissioned for local operation and supporting operational processes and training were established.

VVO functionality depends on Advanced Distribution Management Systems (ADMS) Advanced Applications, which are still in testing; pilot projects have not yet been placed into service. Full operation is expected following ADMS deployment and system validation testing.

4.7.1.3. Distributed energy resource management system

Later in the implementation period, PSE advanced foundational planning for a distributed energy resource management system (DERMS). This software platform enables utilities to monitor, coordinate, and optimize DERs across the distribution system. DERMS is expected to improve system visibility, support reliable DER integration, and enhance operational efficiency.

In 2024, PSE completed initial DERMS discovery activities, including benchmarking against peer utilities, developing high level use cases, and establishing a cross-functional internal development team. In 2025, PSE initiated formal DERMS planning, including a maturity assessment, the definition of priority use cases, and the development of preliminary system architecture and implementation plans. This work established the technical foundation needed to enhance operational visibility and coordination of distributed resources as DER penetration increases.

4.7.1.4. Virtual Power Plant

PSE implemented its Virtual Power Plant (VPP) platform during the implementation period. The VPP is a software platform that enables the utility to orchestrate portfolios of DERs at scale, enrolling customers, managing assets, monitoring performance, and providing dispatchable solutions that show up when they are needed most. This technology transforms consumer devices into grid infrastructure that balances supply and demand during the summer and winter seasons. When PSE decides to dispatch its demand response portfolio, the VPP sends a signal to the DER (e.g., thermostat, electric vehicle, battery, water heater) and/or customer (e.g., behavioral programs). For DERs, the VPP connects directly with the original equipment manufacturer device, adjusting device settings for the duration of the event. For behavioral programs, the VPP dispatches a notification to customers telling them the event date, start time, and end time so customers can manually adjust their energy usage during the event. The VPP is designed to reduce system costs, improve reliability, and support decarbonization by transforming traditionally passive consumers into active grid participants.

4.7.2. Lowest reasonable cost alignment

These actions describe a mix of proven operational measures, targeted pilots, and foundational planning activities intended to improve efficiency and enable the integration of increasing levels of DERs.

CVR and VVO were included in the 2026 general rate case (UE-260005)[25] as part of PSE's planned electric Customer Growth investments. VPP was included in the 2022 general rate case as part of PSE's DER Enablers investment area, Docket UE-220066/220067. Investment in DERMS has not previously been approved as a discrete program in a general rate case but was proposed as an anticipated 2025 program in the 2021 CEIP.

5. Demonstration of compliance through acquiring electricity and renewable energy credits

WAC 480-100-650(1)(d) requires that the clean energy compliance report must demonstrate whether and how the utility met its statutory obligations under RCW 19.405.040(1) and 19.405.050(1) through the acquisition of the electricity and associated RECs or nonpower attributes. This requires the utility to demonstrate that the electricity the utility reports for compliance is:

i. From a generating facility located within the utility's service area or balancing authority area; or

ii. Acquired by the utility at one of the following points of delivery:

(A) The transmission or distribution system of an electric utility;

(B) The transmission system of the Bonneville Power Administration;

(C) The transmission system of any entity that is a participant in a centralized organized market located in the Western Interconnection in which the electric utility is a participant; or

(D) Another point of delivery designated by the electric utility for the purpose of subsequent delivery to the electric utility.

PSE pursued acquisitions and contracting of CETA-eligible resources for the 2022–2025 implementation period that will contribute to PSE's ability to meet RCW 19.405.040(1) and 19.405.050(1). Table 28 lists long-term CETA-eligible resources purchased within the implementation period to help meet the interim target from 2022–2025.

Table 28: CETA-eligible long-term resource purchases (2022–2025)

Resource	In PSE balancing authority	Point of delivery[26]
Beaver Creek	Yes	Confidential
Chelan PUD	No	Confidential
Chelan PUD	Yes	Confidential
Clearwater	Yes	Confidential
Douglas PUD	Yes	Confidential
Grant PUD	Yes	Confidential
Hopkins Ridge Wind	No	Confidential
Kerr Dam (Energy Keepers)	No	Confidential

[25] Prefiled Direct Testimony of Michelle Vargo, pages 69-72 of 112

[26] Reported point of delivery reflects the final delivery of energy to PSE.

Resource	In PSE balancing authority	Point of delivery[26]
Klondike 3	No	Confidential
Lower Baker	Yes	Confidential
Koma Kulshan	Yes	Confidential
Lower Snake River	No	Confidential
Sierra Pacific Industries (SPI Biomass)	Yes	Confidential
Snoqualmie Falls	Yes	Confidential
Upper Baker	Yes	Confidential
Vantage	Yes	Confidential
Wildhorse	Yes	Confidential

Below PSE also illustrates the short-term CETA-eligible resources purchased within the implementation period to help meet the interim target from 2022–2025.

Table 29: CETA-eligible short-term resource purchases (2022–2025)

Resource	In PSE balancing authority	Point of delivery
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Mid-C	Yes	Confidential
Seasonal peak	No	Confidential
Seasonal peak	No	Confidential
Short-term wind	No	Confidential
BPA	No	Confidential

➔ Appendix A (CONFIDENTIAL) to this 2026 Compliance Report provides data for the points of delivery for the implementation period.

6. Equitable distribution of benefits

WAC 480-100-650(1)(e) requires the clean energy compliance report to demonstrate whether and how the specific actions the utility took are consistent with the requirements in WAC 480-100-610 (4)(c) including, but not limited to:

iii. Providing updated customer benefit indicator values:

iv. An analysis that the distribution of benefits and reductions of burdens have accrued or will reasonably accrue to intended customers, including highly impacted communities and vulnerable populations.

PSE provides updated customer benefit indicator values for the implementation years 2022–2025 in the following appendix.

➔ Appendix B to this 2026 Compliance Report provides data for the customer benefit indicators for the implementation period.

In alignment with its commitment to advancing distributional equity, PSE has taken consistent and deliberate steps to ensure that all customers, including those in named communities, are prioritized in receiving benefits and experiencing reductions in burdens. To demonstrate how these benefits and burden reductions are distributed across intended customer segments, PSE will utilize data and analysis in two core areas:

- Minimum designation of energy benefits
- Program participation

6.1. Named communities

RCW 19.405.020 defines named communities as highly impacted communities and vulnerable populations. PSE has refined its designation of named communities over time to more accurately identify and prioritize benefits and burden reductions for customers experiencing the greatest compounding impacts, ensuring equity remains central to its clean energy transition as required by CETA.

6.1.1. 2022 approach

PSE's initial classification of named communities included highly impacted communities and vulnerable populations, categorized across three levels of vulnerability — low, medium, and high — covering all customers in its service territory.

6.1.2. 2023 and beyond

This classification has evolved to focus on customers in highly impacted communities and/or those with high vulnerability.[27] In response to Order 08, Condition 9 and 10, PSE revised its vulnerable population

[27] See 2023 Biennial CEIP Update - Appendix I: Vulnerable Populations and Deepest Need Methodology for a description of how vulnerable population classification changed: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1204&year=2021&docketNumber=210795

designation methodology to incorporate the specific vulnerability factors and to focus on the classification of high vulnerable populations within named communities.[28]

6.2. Deepest need customers

In Order 08, Condition 20, the Commission ordered PSE to designate a minimum percentage of energy benefits that will flow to named communities with the deepest need. In response to these requirements and Docket UG-210755, Order 09,[29] PSE developed a definition of customers with the deepest need through consultation and collaboration in a joint advisory group convened from the EAG, Conservation Resource Advisory Group (CRAG), and Low-Income Advisory Committee (LIAC). Through a two-step process, deepest need customers were defined as those living in areas with clusters of severe energy burden and having multiple compounding factors that limit access to essential resources.[30]

Following the refinement of the named communities classification, the analysis covers participation for 2023–2025 to maintain comparability across customer segments. This section does not include 2022 because it reflects the prior classification and is therefore not readily comparable to the years 2023-2025.

Table 30 presents the 2023–2025 counts and percentages of all electric customers by segment: named communities (highly impacted community [HIC] only, vulnerable population [VP] high only, HIC + VP high); and deepest need.

Table 30: Total customer count and percentage by segments

Years	Total electric customers	Named communities	Highly impacted communities only (no VP high)	Vulnerable population (high) only	Highly impacted communities and vulnerable population (high)	Deepest need
2023	1,610,670	744,689 (46%)	154,596 (10%)	315,948 (20%)	274,145 (17%)	88,873 (6%)
2024	1,501,791	687,957 (46%)	151,315 (10%)	288,307 (19%)	248,335 (17%)	107,232 (7%)
2025	1,305,283	590,356 (45%)	143,397 (11%)	240,936 (18%)	206,023 (16%)	N/A[31]

[28] Order 08, Condition 9 and 10, Paragraph 153-154

[29] Cascade Natural Gas rate case: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=685&year=2021&docketNumber=210755

[30] See 2023 Biennial CEIP Update - Chapter 3: https://apiproxy.utc.wa.gov/cases/GetDocument?docID=1234&year=2021&docketNumber=210795

[31] The count of deepest need customers is based on energy burden numbers for 2025. There numbers will not be available until later in 2026.

6.3. Analysis of minimum designation of energy benefits to named communities and deepest need customers (2023–2025)

PSE uses both named communities (HIC and VP high) and deepest need customers as the intended populations for the minimum designation of energy benefits measured in MW or MWh, across different resource tranches. CEIP Order 08, Condition 20 required a minimum designation of 30% of energy benefits for customers in named communities. In the 2023 Biennial CEIP Update, PSE proposed a target of 2.5% of energy benefits for deepest need customers by 2025. In March 2024, Order 12 determined the percentage of energy benefits should be based on the proportion of deepest need customers and proposed in the 2025 CEIP (now the 2027 ISP). Table 31 and Table 32 provide a breakdown of energy benefits by tranche for this implementation period.

Table 31: Minimum designation progress for named communities (30%)

Year	Energy efficiency	Demand response – load shed	Distributed solar	Distributed storage
2023	53%	37%	41%	No program
2024	49%	41%	25%	27%
2025	47%	42%	23%	25%

Table 32: Minimum designation progress for customers with the deepest need (2.5%)

Year	Energy efficiency	Demand response – load shed	Distributed solar	Distributed storage
2023	7%	3%	10%	No program
2024	12%	4%	6%	3%
2025	11%	8%	5%	3%

PSE tracked the distribution of energy benefits to named communities and deepest need customers between 2023 and 2025, demonstrating measurable progress and ongoing challenges. In that reporting period, energy efficiency and DR consistently surpassed the minimum designation target of 30% for named communities. However, distributed solar and distributed storage achieved below 30%.

For distributed solar, this outcome is primarily driven by a change in program composition beginning in 2024, when net energy metering (NEM) systems installed after March 2024 were included in the calculation. These systems represent a larger share of total distributed solar capacity and a smaller share of energy benefits received by named communities, which reduces the overall percentage of benefits attributed to these communities. Excluding NEM systems from the calculation, distributed solar would have achieved 34% and 38% of energy benefits for named communities in 2024 and 2025, respectively, exceeding the 30% target.

For energy benefits delivered to deepest need customers, results for all tracked resource tranches were consistently above the 2.5% threshold in 2023, 2024 and 2025. Energy efficiency consistently remained

well above, achieving 7% in 2023, 12% in 2024 and 11% in 2025. DR grew each year from 3% in 2023, to 4% in 2024, then doubled to 8% in 2025. Distributed solar accounted for 10% of energy benefits in 2023, and 5% to 6% of energy benefits between 2024 and 2025, and distributed storage remained steady at 3% for 2024 and 2025.

These outcomes reflect PSE's deliberate efforts to improve access in named communities, including targeted outreach, multilingual materials, customer-focused strategies, community partnerships, and enhanced language support.

PSE has made notable strides in equitable distribution of energy benefits, yet barriers persist and require ongoing attention. Continued engagement and adaptive program design will be essential to meet the needs of its communities facing the greatest challenges.

6.4. Analysis of program participation across named communities (2023–2025)

This section provides an overview of participation in existing PSE programs — energy efficiency, DR, Community Solar, and net metering — across customer segments within named communities. These segments include:

- Highly impacted communities only (HIC)
- Vulnerable populations – high only (VP high)
- Combination of HIC and VP high

Across energy efficiency, DR, Community Solar, and net metering, PSE showed meaningful progress in directing participation to named communities. Across all four programs, named communities accounted for a substantial share of participation, and participation exceeded 30% in 2023 through 2025 for energy efficiency, demand response (except 2025 which fell slightly below), Community Solar installed and subscribed capacity, and net metering. Overall, these findings indicate that PSE is making measurable progress in distributing participation benefits to intended customers. In contrast, barriers to program design and participation continue to shape outcomes for customers in named communities.

Energy efficiency showed strong participation distribution across named communities. Total participation from all PSE customers was 421,074 in 2023, decreased to 293,592 in 2024, and increased to 475,662 in 2025. Within named communities, participation also decreased from 203,028 to 147,414 between 2023 and 2024, while the participation rate for named communities rose from 47% to 50%. In 2025, participation in named communities was 40%, reflecting broad reach and a steady participation share over time. Overall, during the reporting period, energy efficiency was PSE's strongest programmatic area for delivering equitable energy benefits, reducing burdens, and reaching intended customers.

Table 33: Energy efficiency participation analysis (2023–2025)

Customer segment	2023 participation	2023 %	2024 participation	2024 %	2025 participation	2025 %
All PSE service area	421,074	–	293,592	–	475,662	–
All named communities	203,028	47%	147,414	50%	189,817	40%
VP high only	79,756	18%	59,724	20%	75,369	16%
HIC and VP high	76,125	18%	56,641	19%	62,626	13%
HIC only	47,147	11%	31,049	11%	51,822	11%

DR showed broad participation in named communities and continued progress in directing benefits to intended customers. Named communities accounted for 46% of participation in 2023 and 37% in 2024, indicating a substantial share both years. However, program participation declined to 26% in 2025. Overall, DR is expanding access to energy benefits in named communities. While additional targeted strategies may still be needed to improve outcomes for customers in named communities, the program has made a significant impact over its three years of being active.

Table 34: Demand response participation analysis (2023–2025)

Customer segment	2023 participation	2023 %	2024 participation	2024 %	2025 participation	2025 %
All PSE service area	295,670	–	743,598	–	625,459	–
All named communities	134,799	46%	275,735	37%	165,470	26%
VP high only	58,379	20%	107,490	14%	66,301	11%
HIC and VP high	46,387	16%	89,428	12%	54,230	9%
HIC only	30,033	10%	78,817	11%	44,939	7%

Community Solar showed steady growth in participation for named communities. Total participation from all PSE customers was 3,960 in 2023, increased to 5,527 in 2024, and reached 5,624 in 2025. Within named communities, participation also increased from 1,628 to 2,516 and then to 2,564 customers, representing 41%, 46% and 46% of total participation in 2023, 2024 and 2025, respectively. Engagement with more than 200 income-qualified households via English and Spanish-language surveys indicated strong interest in the program. Overall, despite not achieving its target, Community Solar stands out as one of the stronger distributed energy pathways for delivering benefits to named communities. Community Solar also eliminates the requirement for participants to provide initial capital and real estate, which may limit access to other DERs.

Table 35: Community Solar participation analysis (2023–2025)

Customer segment	2023 participation	2023 %	2024 participation	2024 %	2025 participation	2025 %
All PSE service area	3,960	–	5,527	–	5,624	–
All named communities	1,628	41%	2,516	46%	2,564	46%

Customer segment	2023 participation	2023 %	2024 participation	2024 %	2025 participation	2025 %
VP high only	699	18%	1,060	19%	1,057	19%
HIC and VP high	505	13%	847	15%	882	16%
HIC only	424	11%	609	11%	625	11%

Net energy metering installed after March 31, 2024 showed continued growth in participation and meaningful distribution of benefits to named communities. Total PSE customer participation increased from 2,945 customers in 2024 to 6,380 in 2025. Of these, named communities accounted for 1,234 participants in 2024 and 3,120 in 2025, averaging 46% of total participation. While net metering provides meaningful benefits to named communities, persistent structural barriers continue to limit deeper participation among customers in named communities.

Table 36: Net energy metering participation (2023–2025)

Customer segment	2023 participation	2023 %	2024 participation	2024 %	2025 participation	2025 %
All PSE service area	20,152	–	2,945	–	6,380	–
All named communities	8,284	41%	1,234	42%	3,120	49%
VP high only	2,830	14%	453	15%	1,509	24%
HIC and VP high	2,102	10%	360	12%	642	10%
HIC Only	3,352	17%	421	14%	969	15%

Taken together, these program results show that PSE is making measurable progress in expanding access to energy benefits for named communities across multiple resource types. PSE's equity-focused approach underpins these results, emphasizing community-based outreach, partnerships with nonprofits and CBOs, and culturally responsive, multilingual communications. Streamlined enrollment and program bundling have further reduced barriers for customers, including those facing language, technology, and cultural challenges.

At the same time, the variation in deepest need outcomes highlights the importance of continued focus on customer priorities, targeted outreach, and barrier reduction to ensure that customers facing the greatest challenges can benefit from the clean energy transition, aligned with community-based priorities.

7. Equity Advisory Group process

WAC 480-100-650(1)(f) requires the utility to provide a description of the utility's equity advisory group process, customer engagement and outcomes, and how the utility's efforts are consistent with the requirements in WAC 480-100-655 for the development or update of customer benefit indicators related to WAC 480-100-610 (4)(c).

Since the development of the 2021 CEIP, PSE's EAG has served as a central, ongoing forum for integrating equity into clean energy planning and implementation, providing direct input on the barriers and burdens experienced by named communities, including high energy costs, renter constraints, language access needs, trust gaps, and other overlapping socioeconomic and health factors.

PSE documented that input, along with feedback and responses, for each meeting. This engagement helped shape PSE's definitions of vulnerable populations, named communities, and customers with the deepest need, and supported a place-based, community-informed approach to directing benefits and reducing burdens, consistent with WAC 480-100-610(4)(c)(i). The EAG's input also shaped customer benefit indicators by centering the priorities of named communities, including energy burden reduction, health, clean energy access, resilience, accessible programs, and quality clean energy jobs. Based on the activities and outcomes described in this report, PSE has met or exceeded the EAG requirements applicable to the 2022–2025 CEIP implementation period.

PSE addresses customer engagement and outcomes in Section 11: Public participation, customer engagement, and outcomes.

7.1. Equitable distribution of benefits and reduction of burdens

Since 2021, the EAG has played a continuous and central role in shaping PSE's approach to equitably distributing clean energy benefits and reducing burdens for named communities. Through a structured series of meetings during the development of the 2021 CEIP, the EAG provided direct input to identify systemic burdens and barriers, such as high energy costs, renter limitations, language access, trust in utilities, and upfront cost hurdles, that disproportionately affect certain customers.

In addition to informing the development of PSE's definition of vulnerable populations, described below, the EAG helped ensure that equity considerations were embedded early in program design. PSE explicitly documented how EAG feedback shaped CEIP actions, including targeted outreach, improvements to program accessibility, and commitments to equity assessments and ongoing engagement in meeting summaries and feedback reports, posted on the Clean Energy Planning website for each meeting, and in comprehensive feedback summaries submitted with the 2021 CEIP and 2023 Biennial CEIP Update.

Finally, EAG input has continued to inform implementation and accountability beyond the initial CEIP filing. In the 2023 Biennial CEIP Update, PSE demonstrated how equity has been embedded across planning, public participation, and program delivery during the implementation period, reflecting lessons and guiding principles developed with the EAG.

This includes a strong focus on named communities and deepest need customers, and ongoing evaluation of whether programs are reducing arrearages, improving access to clean energy, and lowering energy burdens over time. By maintaining the EAG as an ongoing advisory body and documenting how its recommendations translate into concrete actions and metrics, PSE continuously

demonstrates a feedback loop in which community expertise directly informs equitable outcomes in the clean energy transformation.

7.2. Defining vulnerable populations and named communities

The EAG played a key role in helping PSE define vulnerable populations by ensuring the definition reflected real-world conditions, not just income. Through targeted discussions during development of the 2021 CEIP, EAG members emphasized that overlapping socioeconomic and health factors, such as high energy burden, renter status, housing and transportation costs, disability, linguistic isolation, and limited access to health care, drive vulnerability.

In response, PSE developed a multi-factor framework that considers sensitivity factors (e.g., disability) from socioeconomic factors (e.g., income, renter status, and housing burden). This framework, shaped directly by EAG input, provides a more accurate and consistent way to identify communities facing disproportionate energy and environmental burdens.

The EAG also influenced how named communities are defined and considered in planning and implementation. Members stressed the importance of clearly identifying communities that experience cumulative impacts, including HICs identified under CETA and Tribal communities. Their feedback encouraged PSE to move beyond broad equity goals and adopt a place-based approach that intentionally directs benefits to communities with the greatest need.

As reflected in the CEIP and subsequent updates, PSE incorporated named communities into target-setting, program design, and prioritization decisions, and committed to refining these definitions over time through improved data and continued engagement with the EAG. This ensures equity considerations remain active and accountable as clean energy programs are implemented.

Meeting summaries including feedback and responses for discussions on this topic are available on PSE's EAG webpage:

- May 17, 2021
- May 24, 2021
- June 21, 2021
- Sept. 27, 2021
- Oct. 4, 2021
- June 13, 2022
- July 17, 2023
- Sept. 17, 2024

7.3. Customer benefit indicators

The EAG helped define CBIs by grounding them in the outcomes that matter most to named communities, rather than focusing solely on system-level or economic metrics. Through a series of dedicated meetings during development of the CEIP, EAG members identified priority benefits such as reduced energy burden, improved community health, access to clean energy, resilience and reliability, culturally and linguistically accessible programs, and the creation of quality clean energy jobs.

They also emphasized that benefits should be evaluated by who receives them, not just whether they occur, reinforcing the need for indicators that explicitly measure impacts and benefits for named communities.

In addition to shaping the types of benefits included, the EAG influenced how CBIs are measured and applied. Members provided feedback on specific metrics, encouraging PSE to incorporate both quantitative and qualitative measures and to reflect long-term, community-level outcomes where possible. This input led PSE to refine CBI metrics related to jobs (including job quality and access for impacted communities), outages and resilience, community health, and participation in programs.

As a result, CBIs have become a tool used across PSE in a variety of ways including long-term resource planning, program evaluation and resource acquisition, helping ensure that clean energy investments are assessed not only on cost and performance, but on their ability to equitably deliver benefits and reduce burdens across PSE's service territory.

Meeting summaries including feedback and responses for discussions on this topic are available on PSE's EAG webpage:

- May 24, 2021
- June 21, 2021
- July 26, 2021
- Sept. 13, 2021
- July 18, 2022
- Sept. 19, 2022
- Nov. 17, 2025

PSE also engaged its other advisory groups — the LIAC and Conservation Resource Advisory Group — as well as engagement through the IRP public engagement process in developing these CBIs.

7.4. Defining customers with the deepest need

The EAG helped identify customers with the deepest need by encouraging PSE to move beyond broad vulnerability categories and identify where multiple, compounding challenges overlap most severely. During CEIP development, EAG members emphasized that some customers and communities

experience layered burdens, such as high energy burden combined with health risks, housing instability, linguistic isolation, or limited access to programs, that require more targeted attention.

In response, PSE worked with the EAG to distinguish “deepest need” as a subset of vulnerable populations characterized by the concentration and severity of these factors, rather than any single indicator. This feedback informed PSE’s use of cumulative, place-based analysis to identify clusters of customers facing the greatest barriers to benefiting from the clean energy transition.

The EAG also influenced how this definition would be operationalized in planning and implementation. Members stressed that identifying deepest need areas should directly affect program targeting, prioritization, and outcome measurement, not simply serve as an analytical exercise.

PSE incorporated deepest need into its equity framework by using combined socioeconomic and sensitivity metrics to guide where programs are focused and how benefits are tracked over time. The EAG further encouraged ongoing refinement as data improves and community conditions change, reinforcing that deepest need is dynamic and should be reassessed through continued engagement. This approach helps ensure that clean energy investments prioritize customers facing the greatest cumulative burdens and deliver meaningful, measurable equity outcomes.

Meeting summaries including feedback and responses for discussions on this topic are available on PSE’s EAG webpage:

- Aug. 7, 2023
- Aug. 21 and 23, 2023 (public workshops)
- Sept. 18, 2023
- Sept. 27, 2023
- Sept. 17, 2024
- Feb. 18, 2025

7.5. Equity forums

In late 2022, PSE and the EAG co-created first-of-their-kind Equity Forums. The Equity Forums were designed as broader, community-centered engagement spaces to complement the EAG’s advisory role and expand participation beyond its standing members. The forums deepened dialogue on equity, accountability, and implementation by creating opportunities for community advocates, organizations, and residents to engage directly with PSE on clean energy programs and planning decisions.

The forums focused on translating high-level equity goals into practical guidance, elevating lived experience, and testing whether PSE’s equity framework was resonating outside formal advisory settings. The EAG played a central role in shaping and leading the Equity Forums, helping define the purpose, structure, and priorities of the forums, drawing on its advisory experience and community connections.

Their involvement included setting discussion themes, emphasizing accountability and implementation (not just strategy), and ensuring the forums centered on community-defined needs, benefits, and burdens. EAG members also supported the development of tools such as equity discussion guides that could be used consistently across PSE engagement efforts, reinforcing shared language and expectations around equity.

Importantly, the Equity Forums were not standalone events, but part of a feedback loop with the EAG. Insights from forum discussions informed ongoing EAG conversations and vice versa, helping PSE refine equity definitions, CBIs, and concepts such as deepest need. This integration ensured that community input gathered through the forums flowed back into formal planning and implementation processes.

The EAG's leadership in the Equity Forums strengthened accountability, broadened participation, and reinforced the role of community expertise in shaping PSE's clean energy transition. The forums also informed the design and structure of Empowerment Groups described in Section 11.

In 2025 PSE prepared the First Annual Impact Report highlighting the EAG's recent contributions to programmatic and systemic achievements in advancing energy equity across the utility.

➔ Appendix C to this 2026 Compliance Report provides information related to PSE's Equity Advisory Group Process for the implementation period.

8. Incremental cost

WAC 480-100-650(1)(g) requires utilities to include the actual incremental cost of compliance as required in WAC 480-100-660(5).

Pursuant to WAC 480-100-660, this section presents the incremental cost of compliance for the 2022–2025 implementation period. The incremental cost of compliance analysis is not intended to represent the full direct cost of complying with CETA and should not be interpreted as such. By design, the methodology excludes certain significant cost elements, which limits comparability to broader cost metrics. Accordingly, incremental cost results should not be compared to or interpreted as projected rate or bill impacts.

8.1. Overview

To determine the incremental cost of compliance, utilities compare their lowest reasonable cost portfolio to comply with CETA to the alternative lowest reasonable cost and reasonably available portfolio — the portfolio of investments the utility would have made and the expenses the utility would have incurred if not for the requirement to comply with RCW 19.405.040 and 19.405.050. This report refers to the lowest reasonable cost portfolio complying with CETA as the "CETA actuals" portfolio and

the alternative lowest reasonable cost portfolio as the "no-CETA baseline" portfolio. The average yearly incremental cost is calculated as the sum of the cost difference between the CETA actuals and the no-CETA baseline across the years of the implementation period divided by the number of years in the implementation period.

The utility must specify costs it deems to be directly attributable to satisfying the requirements of CETA. A cost is considered directly attributable to CETA if it is:

1. Incurred during the implementation period
2. Part of the lowest reasonable cost CETA actuals portfolio
3. Additional to the costs in the no-CETA baseline portfolio
4. Not required to meet any statutory, regulatory, or contractual obligation other than CETA[32]

PSE defines the directly attributable costs of compliance as the investment categories in Table 37[33] net of the incremental cost category exclusions in Conditions 30 and 31 of Order 08.

Table 37: Incremental cost investment areas from PSE's 2021 CEIP

Investment category	Examples of specific investments
Resources	• Energy efficiency program development, operation, and customer incentives • DR program development, operation, and customer incentives • Power Purchase Agreements (PPAs) for renewable energy or emissions-free capacity • Purchase renewable attributes of emission-free capacity sources • Operation of energy resources, including large scale and distributed resources
Resource enablement and delivery	• DER design actions and tools • Transmission capacity to deliver new resources • Grid modernization to support DER • Grid operations to incorporate DER • Operations of DER
Customer education and engagement	Detailed program design and customer enrollment, customer education, and engagement on the clean energy transition
Administration and monitoring	Measuring customer benefit indicators, tracking, and reporting

The reported actual incremental costs are directly attributable to the actions undertaken to comply with RCW 19.405.040 and 19.405.050, as described in Chapter 3 of this Compliance Report.

[32] WAC 480-100-660(3): http://app.leg.wa.gov/WAC/default.aspx?cite=480-100-660

[33] Taken from Table 5-1 of the PSE 2021 Corrected CEIP; https://irp.cdn-website.com/dc0dca78/files/uploaded/2022_0201_PSE%202021%20Corrected%20Clean%20Energy%20Implementation%20Plan.pdf

8.2. How costs are tabulated

The CETA portfolio and no-CETA baseline used in this analysis were initially projected in PSE's 2021 CEIP. Consistent with WAC 480-100-660(1), PSE used a portfolio optimization model to compare these portfolios.

PSE did not rerun the portfolio optimization model under actual conditions for the implementation period because the model used in the 2021 CEIP has since evolved and cannot be configured to reproduce system operations, dispatch decisions, and load conditions at the granularity necessary to reflect actual outcomes over the four-year implementation period. Attempting to do so would require manually reconstructing inputs and assumptions. It would not yield a model output that accurately reflects realized system behavior or provide a meaningful basis for comparison.

Accordingly, consistent with WAC 480-100-660(4), PSE refined its projected incremental cost estimate during the 2023 Biennial CEIP Update using a spreadsheet-based framework rather than a full re-optimization or new model run. Through this process, PSE updated components of the projected CETA portfolio and, where applicable, the no-CETA baseline using the most recent verifiable information available at the time.

WAC 480-100-660(5)(c) requires utilities to update verifiable and material inputs to the alternative lowest reasonable cost and reasonably available portfolio using the most recent information available. For the 2022–2025 implementation period, PSE applies updated, verifiable inputs to the alternative portfolio for each cost category (e.g., internal accounting systems, program reporting, and updated market and cost inputs).

PSE does not apply input updates in limited cases where such updates are not applicable; specifically:

1. Where a no-CETA baseline does not exist because the underlying activity would not have occurred absent compliance with chapter 19.405 RCW
2. Where baseline costs are defined by programmatic targets established in the 2021 CEIP and are not driven by inputs that vary over the implementation period

Administration and reporting

All costs in this category represent activities PSE added during the implementation period to comply with CETA and do not have a comparable no-CETA baseline. Accordingly, the full cost of these activities is treated as incremental.

Customer education and outreach

All costs in this category represent activities PSE added during the implementation period to comply with CETA and do not have a comparable no-CETA baseline. Accordingly, the full cost of these activities is treated as incremental.

Demand response

For DR, PSE calculates incremental cost by comparing actual program costs and outcomes during the implementation period to the no-CETA baseline established in the 2021 CEIP, with incremental cost defined as the difference between the two.

Actual program costs and outcomes are used to represent the CETA actuals portfolio. This data reflects the most recent information available and is drawn from internal accounting systems and program reporting.

DR programs cannot be practically re-optimized or re-run using updated inputs. Instead, incremental cost is evaluated by comparing realized program activity against the no-CETA baseline that reflects the level of DR that would have occurred absent the requirements of RCW 19.405.040 and 19.405.050.

The no-CETA baseline is not adjusted to reflect changes in underlying system conditions, such as load growth, evolving program design, or market conditions over the implementation period.

DER enablement and grid modernization

For DER enablement and grid modernization, PSE calculates incremental cost using actual program expenditures incurred during the implementation period. The CETA actuals portfolio is represented using the most recent, available actual cost information, drawn from internal accounting systems and program reporting.

Consistent with Order 08, the no-CETA baseline for this category reflects planned expenditures not attributable to CETA and costs that the Commission determined are not directly attributable to compliance with CETA and therefore must be excluded from incremental cost calculations. Specifically, Conditions 30 and 31 of Order 08 identify cost components that are excluded from the CETA portfolio because the Commission determined they would have been incurred absent the requirements of RCW 19.405.040 and 19.405.050. The remaining amounts constitute the no-CETA baseline for DER enablement.

The CETA actuals portfolio represents the full cost of DER enablement and grid modernization activities undertaken during the implementation period that are directly attributable to CETA-driven actions and investments, as reflected in PSE’s accounting and program records.

Incremental cost for DER enablement and grid modernization is calculated as the difference between the CETA actuals portfolio and the no-CETA baseline, which includes the baseline Commission-specified exclusions in Order 08.

Energy efficiency

For energy efficiency, PSE calculates incremental cost by comparing actual program expenditures and achieved savings during the implementation period to the baseline projections established in the 2021 CEIP and updated using projections reflected in the 2023 Biennial CEIP Update.

The CETA actuals portfolio is represented using the most recent available actual program data, including costs tracked through internal accounting systems, program reporting, and verified savings and expenditures reflected in conservation and rider reporting.

The corresponding no-CETA baseline reflects the approved 2021 CEIP and 2023 Biennial CEIP Update projected baselines for the implementation period. This baseline is appropriate because PSE was already subject to binding energy efficiency requirements under the Energy Independence Act (EIA), which formed the foundation of the energy efficiency targets incorporated into the 2021 CEIP and 2023 Biennial CEIP Update. As a result, the EIA-driven portfolio represents the level of energy efficiency activity that would have occurred absent CETA and therefore serves as the no-CETA baseline.

Incremental cost for energy efficiency is calculated as the difference between actual program expenditures and outcomes and the corresponding no-CETA baseline projections.

Energy supply portfolio

The energy supply portfolio includes both utility-scale CETA-eligible energy resources and DER solar and storage programs; these components are treated differently in the calculation of incremental cost.

To calculate the utility-scale component of the energy supply portfolio incremental cost, PSE first determines the cost of the CETA actuals portfolio using the electric revenue requirement associated with serving retail electric load throughout the implementation period. This revenue requirement reflects the net cost of serving load, including the avoided energy cost associated with the resources in the portfolio.

PSE then determines the incremental cost of the utility-scale energy supply portfolio needed to comply with RCW 19.405.040 and 19.405.050 by identifying the portion of the revenue requirement attributable to CETA-eligible renewable acquisitions over the implementation period.

The energy supply cost category also includes DER solar and storage costs such as RFP costs, program costs (such as Community Solar), pilots, etc. These costs represent activities undertaken specifically to comply with PSE's DER specific targets under CETA and do not have a comparable no-CETA baseline. Accordingly, the full cost of the DER solar and storage activities to meet PSE's 2021 CEIP solar and storage targets or requirements is treated as incremental.

8.3. Incorporating the social cost of greenhouse gas

The social cost of greenhouse gas (SCGHG) is included in both the lowest reasonable cost portfolio and the alternative lowest reasonable cost and reasonably available portfolio.[34] To incorporate SCGHG using the most recent information available, PSE determines the avoided emissions from its CETA-eligible incremental resource purchases during the implementation period.

Avoided emissions represent the emissions that would have occurred under the no-CETA baseline but were not emitted due to the addition of CETA-eligible incremental clean energy resources. Because these resources are emissions free under statute, their generation displaces higher emitting generation that would otherwise have served the load. To estimate avoided emissions, PSE applies the standard CETA emissions rate (0.437 MT/MWh[35]) to the incremental MWh served by CETA-eligible resources and then multiplies the resulting emissions reductions by the statutory SCGHG rate.

Next, PSE determines the SCGHG of the CETA actuals portfolio by tabulating scope 1 and 3 emissions from its electric operations using the utility's annual greenhouse gas (GHG) inventory report. Historically, the GHG inventory data for a given reporting year is not finalized and published until late Q2 or early Q3 of the following year, after completion of internal review and third-party validation. As a result, finalized GHG inventory data for the reporting year 2025 is not available at the time of this filing.

Consistent with this timing constraint, PSE has used the most recent available data and established methodologies to develop a projected estimate of its 2025 GHG emissions for purposes of the incremental cost calculation.

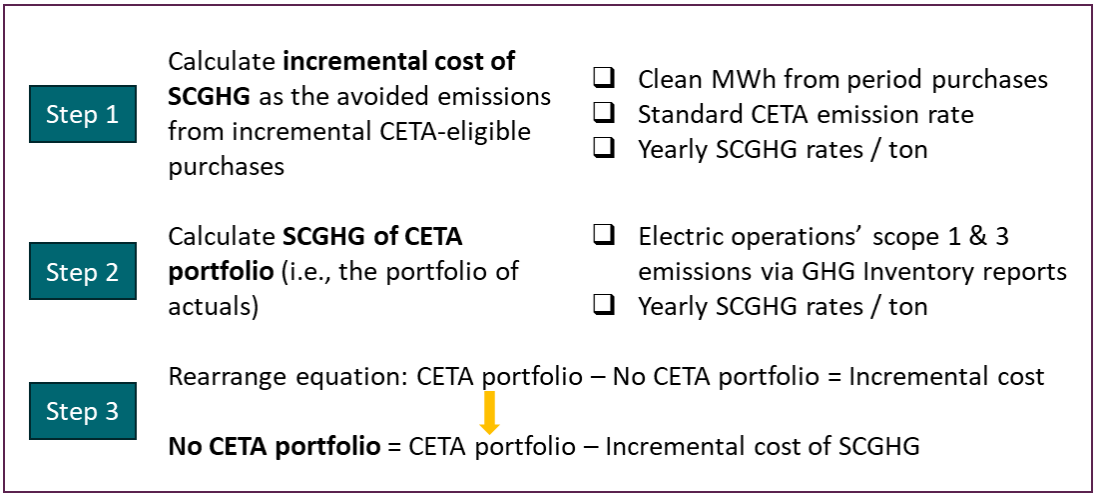
SCGHG of the no-CETA baseline is the difference between SCGHG of the CETA actuals portfolio and the avoided emissions of the CETA-eligible incremental resources. See Figure 1 below for details.

Incorporating the SCGHG in the CETA actuals portfolio and no-CETA baseline results in a reduction in the calculated result of the incremental cost of compliance exercise as compared to excluding SCGHG from the no-CETA baseline.

[34] As the Commission explained in paragraph 129 of General Order R-601 (dockets UE-191023 and UE-190698), inclusion of the SCGHG emissions in the baseline portfolio is required by statute.

[35] This default "unspecified" emissions factor is applied by Washington utilities when the exact source of purchased power cannot be traced to a specific generating facility and is established in WAC 173-424-630(3).

Figure 1: Process to calculate the social cost of carbon



8.4. Results

PSE's CETA actuals portfolio cost to meet the requirements of CETA for the 2022–2025 implementation period was $8,848,150,575 and the cost of the alternative lowest reasonable cost and reasonably available portfolio was $8,214,495,271.

These result in an incremental cost of CETA compliance for the 2022–2025 implementation period of $633,655,304, averaging $158,413,826 per year. See Table 38 and Table 39 for details.

Table 38: CETA actuals, no-CETA baseline and incremental cost of CETA compliance in millions of dollars (2022–2025)

Year	Activity type	CETA actuals	No-CETA baseline	Incremental cost
2022	Admin and reporting	$2.21	$0.00	$2.21
2022	Customer education and outreach	$0.00	$0.00	$0.00
2022	Demand response	$0.01	$0.10	-$0.09
2022	DER enablement and grid modernization	$3.04	$2.30	$0.74
2022	Energy efficiency	$80.82	$64.35	$16.46
2022	Energy supply portfolio	$925.32	$819.45	$105.88
2022	Social cost of greenhouse gas	$824.80	$861.84	-$37.04
2023	Admin and reporting	$3.85	$0.00	$3.85
2023	Customer education and outreach	$1.96	$0.00	$1.96
2023	Demand response	$2.45	$0.30	$2.16
2023	DER enablement and grid modernization	$17.22	$10.58	$6.63
2023	Energy efficiency	$100.06	$64.35	$35.70
2023	Energy supply portfolio	$900.16	$782.48	$117.68
2023	Social cost of greenhouse gas	$988.48	$1,016.93	-$28.45

Year	Activity type	CETA actuals	No-CETA baseline	Incremental cost
2024	Admin and reporting	$5.91	$0.00	$5.91
2024	Customer education and outreach	$10.03	$0.00	$10.03
2024	Demand response	$11.53	$0.36	$11.17
2024	DER enablement and grid modernization	$26.77	$11.73	$15.03
2024	Energy efficiency	$121.09	$75.71	$45.38
2024	Energy supply portfolio	$1,233.16	$1,083.47	$149.69
2024	Social cost of greenhouse gas	$951.46	$993.51	-$42.05
2025	Admin and reporting	$5.33	$0.00	$5.33
2025	Customer education and outreach	$3.42	$0.00	$3.42
2025	Demand response	$17.56	$0.91	$16.64
2025	DER enablement and grid modernization	$20.22	$4.22	$16.00
2025	Energy efficiency	$125.34	$75.71	$49.63
2025	Energy supply portfolio	$1,393.21	$1,194.19	$199.02
2025[36]	Social cost of greenhouse gas	$1,072.74	$1,152.00	-$79.27

Table 39: Cumulative and average CETA actuals, no-CETA baseline and incremental cost of CETA compliance in millions of dollars (2022–2025)

Year	Activity type	CETA actuals	No-CETA baseline	Incremental cost
2022–2025	Admin and reporting	$17.31	$0.00	$17.31
2022–2025	Customer education and outreach	$15.41	$0.00	$15.41
2022–2025	Demand response	$31.56	$1.68	$29.89
2022–2025	DER enablement and grid modernization	$67.25	$28.83	$38.40
2022–2025	Energy efficiency	$427.30	$280.12	$147.18
2022–2025	Energy supply portfolio	$4,451.85	$3,879.58	$572.26
2022–2025	Social cost of greenhouse gas	$3,837.48	$4,024.28	-$186.80
2022–2025	Total	$8,848.15	$8,214.50	$633.66
2022–2025	Average	$2,212.04	$2,053.62	$158.41

The average yearly incremental cost is then compared with the average annual threshold amount. The utility must calculate the average annual threshold amount to determine eligibility for reliance on RCW 19.405.060(3) as a means of compliance. The average annual threshold amount equals a 2% increase over the utility's weather-adjusted sales revenue for each year in the implementation period, divided by the number of years in the period. For a period consisting of four years, the mathematical formula for the annual threshold amount is:

$$[(WASR0\ x\ 2\%\ x\ 4)\ +\ (WASR1\ x\ 2\%\ x\ 3) +\ (WASR2\ x\ 2\%\ x\ 2) +\ (WASR3\ x\ 2\%)] \div 4$$

[36] 2025 value is based on projected GHG emissions using the most recent available inventory data and established methodologies, pending update upon finalization of 2025 emissions data.

PSE's weather-adjusted sales revenue for the 2022–2025 implementation period was $11,704,074,136 for an annual 2% threshold amount of $138,391,430. See Table 40 and Table 41 for details.

Table 40: PSE yearly weather-adjusted sales revenue (WASR) in millions of dollars: 2022–2025

Year	WASR	2% of revenues	Multiplier	Threshold amount
2022	$2,493.07	$49.86	4	$199.45
2023	$2,748.66	$54.97	3	$164.92
2024	$2,997.68	$59.95	2	$119.91
2025	$3,464.66	$69.29	1	$69.29

Table 41: PSE average annual threshold using weather-adjusted sales revenue in millions of dollars: 2022–2025

Period	Figure	Amount
2022–2025	Total WASR	$11,704.07
2022–2025	Total Threshold amount	$553.57
2022–2025	Average annual threshold amount	$138.39

Employing incremental cost as an alternative compliance pathway

Utilities may elect to employ incremental cost as an alternative pathway to compliance with RCW 19.405.040(1) and 19.405.050(1) by demonstrating that their average annual incremental cost of compliance is above their average annual (2%) WASR threshold during the multiyear implementation period. Based on the results of this exercise, PSE's average annual incremental cost of compliance is 2.29% of PSE's yearly weather-adjusted sales revenue for the 2022–2025 implementation period.

8.5. The variance between projected and actual incremental cost

During the 2021 CEIP and the subsequent 2023 Biennial CEIP Update, PSE projected its CETA portfolio cost for the 2022–2025 implementation period at $6,503,142,993 and the no-CETA baseline at $6,182,387,577.

These figures resulted in a projected incremental cost of compliance of $320,755,416, or $80,188,854 per year.

PSE's projected weather-adjusted sales revenue for the 2022–2025 implementation period was $8,674,610,433 for an annual 2% threshold amount of $107,094,119. After the 2023 Biennial CEIP Update, PSE's average annual incremental cost of compliance was projected to be 1.5% of PSE's yearly weather-adjusted sales revenue for the period.

Table 42: Projection of incremental cost of compliance (2022–2025, 2023 Biennial CEIP Update) in millions of dollars

Category	Projected
CETA portfolio	$6,503.14
No-CETA baseline	$6,182.39
Average incremental cost	$80.19
WASR	$8,674.61
Threshold	$107.09

The variance between PSE's projected and actual incremental cost of compliance can be attributed to two main factors. Both the no-CETA baseline and the CETA actuals portfolio, as measured for the 2022–2025 implementation period, were more than $1.5 billion greater than originally projected. See details in Table 43 below.

Table 43: Comparison of energy supply incremental cost of compliance in millions of dollars (2022–2025)

Category	Actual	Projected	Variance
CETA portfolio	$4,451.85	$2,499.93	$1,951.91
No-CETA baseline	$3,879.58	$2,323.19	$1,556.40
Incremental cost	$572.26	$176.76	$395.52

Factors including market price increases, load growth, acquisition market competition, the loss of coal as a capacity resource, variable weather conditions, and fluctuations in renewable energy output contributed to more than $3 billion in additional weather-adjusted sales beyond what was originally projected. This additional WASR increased the average annual 2% sales threshold by over $31 million compared with the projected average annual threshold. See Table 44 for details.

Table 44: Comparison of weather-adjusted sales revenues in millions of dollars (2022–2025)

WASR	2022	2023	2024	2025	Total
Actual	$2,493.07	$2,748.66	$2,997.68	$3,464.66	$11,704.07
Projected	$2,089.00	$2,141.23	$2,194.76	$2,249.63	$8,674.61
Variance	$404.07	$607.44	$802.93	$1,215.03	$3,029.46
Threshold	**2022**	**2023**	**2024**	**2025**	**Average**
Actual	$199.45	$164.92	$119.91	$69.29	$138.39
Projected	$167.12	$128.47	$87.79	$44.99	$107.09
Variance	$32.33	$36.45	$32.12	$24.30	$31.30

8.6. Concerns with the incremental cost exercise

While the incremental cost framework in WAC 480-100-660 provides a structured mechanism for evaluating aggregate compliance costs, PSE's experience applying this methodology highlights several

limitations that impact its usefulness as a measure of customer bill impacts due to CETA or utility decision-making over time.

Treatment of the social cost of greenhouse gas

Although the social cost of greenhouse gas (SCGHG) does not represent a cost incurred by customers or the utility, its inclusion materially reduces calculated incremental costs. CETA does not require utilities to apply SCGHG when making economic dispatch decisions.[37] The rules in the Commission's General Order R 601 in consolidated Dockets UE-191023 and UE-1906989 do not prescribe a specific methodology for incorporating SCGHG into portfolio optimization and allow SCGHG to be applied as either a planning adder or a dispatch cost. PSE has not incorporated SCGHG when making actual economic dispatch decisions.

The incremental cost calculation should be based on actual, verifiable costs incurred during the implementation period. By contrast, SCGHG represents a modeled, non-cash externality that is not reflected in customer rates or utility expenditures.

SCGHG is applied consistently to both the CETA and no-CETA portfolios within the incremental cost framework. Because it is added to both portfolios, its inclusion increases modeled costs on both sides of the comparison and reduces the difference between them.

As a result, the inclusion of SCGHG reduces the calculated incremental cost of compliance by narrowing the gap between the CETA and alternative portfolios, even though it does not reflect a reduction in costs incurred by customers or the utility. This weakens the relationship between the calculated incremental cost and the actual financial impact.

During this implementation period, the inclusion of SCGHG reduced PSE's calculated incremental cost by more than $46 million per year, accounting for more than one quarter of PSE's average annual incremental cost. This further limits the interpretation of the result as a customer-relevant cost signal.

Without SCGHG, PSE's CETA portfolio cost for the 2022–2025 implementation period would have been $5,010,671,642 and the no-CETA baseline would have been $4,190,213,993; for an incremental cost of compliance of $820,457,648 or $205,114,412 per year. This figure represents 2.96% of PSE's yearly weather-adjusted sales revenue for the 2022–2025 implementation period. This is closer to the actual costs customers will experience on their bills because the SCGHG is a modeled, non-cash externality value that is not reflected in customer rates or utility expenditures.

See Table 45 for a comparison of PSE's incremental cost calculation with and without SCGHG in the no-CETA baseline.

[37] RCW 19.280.030(3)(a): http://app.leg.wa.gov/RCW/default.aspx?cite=19.280.030

Table 45: Comparison of incremental cost calculation with and without SCGHG in the no-CETA baseline in millions of dollars

Description	Actual (SCGHG in no-CETA baseline)	Alternative (SCGHG excluded from no-CETA baseline)	Variance
CETA portfolio	$8,848.15	$5,010.67	$3,837.48
No-CETA baseline	$8,214.50	$4,190.21	$4,024.28
Incremental cost	$633.66	$820.46	-$186.80
Average incremental cost	$158.41	$205.11	-$46.7
Incremental cost as % of WASR	2.29%	2.96%	-0.67%

Additional limitations of the current incremental cost framework

While PSE recognizes that the observations presented below may not be fully consistent with the statutory framework, they reflect aspects of the statutory requirements that may not necessarily capture how customers experience costs.

Incomplete capture of compliance-related expenditures

By statute, the incremental cost framework is limited to actions taken to comply with RCW 19.405.040 and 19.405.050 and excludes costs associated with RCW 19.405.030. For a utility such as PSE, which entered the implementation period with a portfolio that relied on coal resources to meet a portion of its capacity needs, these transition costs have been high. Although not reflected in the incremental cost calculation, the loss of coal resources has materially affected wholesale market prices, supply availability, and portfolio risk, with direct customer impacts, including the need to secure short-term natural gas resources to maintain reliability. Costs associated with these actions are not included in the incremental cost calculation because they do not meet the statutory definition of incremental costs under RCW 19.405.060.

Looking forward, achieving future CETA milestones will also require substantial investments in enabling infrastructure, including long-haul transmission needed to deliver firm clean resources to PSE's system. It is unclear whether such investments would fall within the definition of incremental cost, even though they are necessary to acquire and integrate CETA-eligible resources. In addition, demonstrating how such costs should be applied within the incremental cost framework would be challenging. As a result, the incremental cost framework risks understating the full scope of costs required to sustain long-term compliance with CETA.

Customer experience and cumulative bill impacts

The incremental cost framework measures cost on a portfolio-level, period-by-period basis, but does not align well with how customers experience costs over time. Customers experience CETA costs through rates and bills that reflect cumulative investment decisions, market conditions, and ongoing

revenue recovery across multiple years — not through retrospective comparisons of modeled portfolios within isolated implementation periods.

The framework captures differences in total portfolio costs relative to CETA, without fully accounting for the impacts of wholesale market conditions, fuel prices, resource availability, and weather variability that affect customer bills. As a result, changes in calculated incremental costs may not correspond to changes in customer bill impacts.

Structural features of the incremental cost calculation compound these limitations. Resetting the no-CETA baseline between implementation periods and relying on contemporaneous weather-adjusted sales revenues can obscure the cumulative financial burden customers face as compliance-related investments are layered over time. Costs recovered in prior periods continue to influence rates but are no longer visible in subsequent incremental cost calculations.

9. Annual Progress Report

WAC 480-100-650(1)(h) requires utilities to include all of the information found in the Annual Progress Report as described in subsection (4) of this section for the fourth year of the CEIP.

Appendix D: 2025 Annual Clean Energy Progress Report to this 2026 Compliance Report provides data for the Annual Progress Report for calendar year 2025.

10. Annual Progress Report summary

WAC 480-100-650(1)(i) requires utilities to include a summary of the data in the annual progress reports described in subsection (4) of this section.

WAC 480-100-650(3)(b) requires the provision of data for conservation achievement in megawatts (MW), first-year megawatt-hour (MWh) savings, and projected cumulative lifetime MWh savings.

Table 46 below provides data on the conservation achievement in MW, first-year MWh savings, and projected cumulative lifetime MWh savings for PSE in calendar years 2022–2025.

Table 46: Conservation achievement, first-year savings, and projected cumulative lifetime savings

Energy savings	Conservation achievement	First-year MWh savings	Projected cumulative lifetime MWh savings	Weighted average measure life
2022	37.6 MW	242,997 MWh	2,500,400 MWh	10.3 years
2023	38.3 MW	258,198 MWh	2,959,344 MWh	8 years
2024	43.3 MW	258,145 MWh	2,717,389 MWh	10.5 years
2025	62.0 MW	315,023 MWh	2,991,082 MWh	9.5 years

WAC 480-100-650(3)(c) requires the provision of data for demand response program achievement and demand response capability in MW and MWh.

Table 47 provides data on the demand response energy savings achievement and demand response capability. The "Summer MW" and "Winter MW" represent the Event-Level Nameplate Capacity, which is the sum of the best 15-minute interval performance by each program within a single event. The MWh achievement is calculated by multiplying the average program load shed over an event by the number of hours in the event window.

Table 47: Demand response energy savings achievement and demand response capability in MW and MWh

Season	Summer MWh	Summer MW	Winter MWh	Winter MW
2022[38]	N/A	N/A	N/A	N/A
2023	12.2 (8/15/23)	6.1 (8/15/23)	42.6 (12/22/23)	22.2 (12/22/23)
2024	155.7 (8/8/24)	60.2 (8/8/24)	139.8 (12/10/24)	56.3 (12/10/24)
2025	190.5 (7/29/25)	84.2 (7/29/25)	178.3 (2/12/25)	89.4 (2/12/25)

WAC 480-100-650(3)(d) requires the provision of data for renewable resource capacity in MW and renewable energy usage in MW, and as a percentage of electricity supplied by renewable resources.

Table 48 provides renewable energy usage in MWh and as a percentage of electricity supplied by renewable resources for PSE for calendar years 2022–2025. Table 49 provides the portion of renewable energy usage from BPA in MWh and as a percentage of electricity supplied by renewable resources for PSE for calendar years 2022–2025.

Table 48: Renewable resource capacity, renewable energy usage, and electricity supplied by renewable resources

Year	Renewable resource capacity (MW)	Renewable energy usage (MWh)	Percentage of electricity supplied by renewable resources
2022	3,548.2 MW	8,719,393 MWh	42.0%
2023	3,565.2 MW	9,106,091 MWh	45.7%
2024	3,638 MW	9,615,746 MWh	49.3%
2025	4,063 MW	10,827,417 MWh	55.7%

[38] PSE did not have any DR programs in place in 2022.

Table 49: BPA resource capacity, energy usage, and electricity supplied by renewable BPA resources[39]

Year	BPA renewable resource capacity (MW)	BPA renewable energy usage (MWh)	Percentage of electricity supplied by BPA renewable resources	BPA purchase total
2022	84 MW	412,579MWh	2.0%	485,959
2023	78 MW	378,504 MWh	1.9%	485,261
2024	74 MW	564,533 MWh	2.9%	758,373
2025	85 MW	282,020 MWh	1.4%	330,969

WAC 480-100-650(3)(e) requires the provision of data for RECs and the program or obligation for which they were used (e.g., voluntary renewable programs, renewable portfolio standard, clean energy transformation standards).

Table 50 provides information regarding RECs that are available through Western Renewable Energy Generation Information System (WREGIS) as of the date of the filing of this Compliance Report. PSE has not retired any other RECs for purposes of meeting the clean energy transformation standards in this implementation period.[40]

Table 50: Renewable energy credits and program for which they were used

Vintage RECs	Voluntary renewable (bundled)	Renewable portfolio standard	Clean energy transformation standards
2022	719,506	3,084,363	N/A
2023	791,970	3,198,752	N/A
2024	766,676	3,208,438	N/A
2025	759,347	3,174,553	N/A

PSE provides voluntary REC data for each calendar year as follows:

- 2022: See Appendix A in Docket UE-210795 filed on June 30, 2023
- 2023: See Appendix A in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix A in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix E to this 2026 Compliance Report

CETA treats power purchases from a qualifying facility pursuant to the Public Utility Reform Policies Act of 1978 or as part of a voluntary renewable program as reducing retail load rather than contributing to meeting CETA goals. Therefore, PSE has excluded RECs generated by qualifying facilities or as part of voluntary renewable (bundled) programs from the calculation of resources meeting CETA goals.

[39] Updated from 2022 Annual Progress Report based on revised data related to BPA energy.
[40] See Table 51 below for an accounting of the RECs on hand that PSE plans to retire for CETA

This section describes the RPS statutory required elements for compliance years 2024 and 2025. PSE will retire RECs for compliance with the renewable portfolio standard (RPS) program[41] for compliance year 2025 in a future docket in 2027.

PSE's EIA Renewable Energy Report 2024 filed on June 1, 2026, with Department of Commerce includes the number of RECs retired from RPS-compliant resources for compliance year 2024. The 2025 Forecast report filed on June 1, 2025, with Commerce includes the amount of energy generation forecasted to be retired for the RPS (and for CETA). The 2026 Forecast report filed on June 1, 2026 with Commerce includes the amount of energy generation forecasted to be retired for the RPS (and for CETA) for compliance year 2026. The following files summarize the final compliance obligations for the RPS.

- Appendix F to this 2026 Compliance Report provides the EIA Renewable Energy Report 2024 for RECs retired for RPS for compliance year 2024.
- Appendix G to this 2026 Compliance Report provides the EIA Renewable Energy Report 2026 for RECs planned to be retired for RPS for compliance year 2026.

WAC 480-100-650(3)(f) requires the provision of data for the verification and documentation of the retirement of RECs for all electricity from renewable resources used to comply with the requirements of RCW 19.405.040, 19.405.050, a specific target, or an interim target, except for electricity purchased from BPA, which may be used to comply with these requirements without a renewable energy credit until Jan. 1, 2029, as long as the nonpower attributes of the renewable energy are tracked through contract language.

As of the date of this report, PSE has only retired RECs for RPS purposes for the years 2022–2024. PSE has not retired any other RECs for purposes of meeting the clean energy transformation standards for the 2022–2025 CEIP implementation period. PSE lists in Table 51 below all RECs it intends to retire for this implementation period. Once the Commission approves this Compliance Report, PSE will retire all RECs for the implementation period.

Table 51: CETA RECs generated in 2022–2025

Source	Name	MWh	RECs in WREGIS	REC equivalent (exemption)
Carbon Free	Powerex Seasonal Capacity	3,888,000	-	3,888,000
Carbon Free	Q1 2024 Short-Term RFP Agreements	368,039	-	368,039
Hydro	Chelan PUD – RI & RR – Major Contract (bundled)	10,026,628	10,671,495	-
Hydro	Douglas PUD – Wells Project	3,113,105	1,859,087	1,273,565
Hydro	Grant PUD – Priest Rapids Project	1,779,691	1,787,338	-

[41] Chapter 19.285 RCW

Source	Name	MWh	RECs in WREGIS	REC equivalent (exemption)
Hydro	Kerr Dam – Energy Keeper	1,402,281	-	1,402,281
Hydro	Lower Baker	1,271,800	1,269,107	-
Hydro	Snoqualmie Falls	729,904	728,315	-
Hydro	Upper Baker	1,183,029	878,746	304,125
Hydro	BPA System Power	1,916,882	-	1,916,882
Hydro	Total	25,679,359	17,194,088	9,152,892
Wind	Avangrid Renewable (Golden Hills)	2,239,958	2,241,739	-
Wind	Beaver Creek Wind	185,052	185,052	-
Wind	Clearwater Wind	4,126,586	4,126,169	-
Wind	Hopkins Ridge (W184)	1,438,588	1,438,589	-
Wind	Klondike Wind Power III	479,455	475,422	-
Wind	Lower Snake River	3,144,504	3,147,285	-
Biomass	Sierra Pacific Industries	476,916	473,489	-
Wind	Stateline Wind PPA	49,890	47,072	-
Wind	Vantage Wind PPA	53,973	54,064	-
Wind	Wild Horse (W183)	2,311,248	2,311,248	-
Existing Wind / Solar / Biomass	Total	14,506,170	14,500,129	-
All Existing	Total	40,185,529	31,694,217	9,152,892

WAC 480-100-650(3)(g) requires the provision of information regarding nonemitting resource capacity in MW, and nonemitting energy usage in MWh and as a percentage of total electricity supplied by nonemitting energy.

Table 52 provides nonemitting energy usage in MW, MWh and as a percentage of electricity supplied by nonemitting resources from BPA system power for PSE in calendar years 2022–2025.

Table 52: Nonemitting resources – capacity, energy usage, and percentage of electricity supplied

Year	Nonemitting resource capacity (MW)	Nonemitting energy usage (MWh)	Percentage of electricity supplied by nonemitting resources
2022	11 MW	49,082 MWh	0.24%
2023	11.3 MW	54,834 MWh	0.28%
2024	12.9 MW	97,982 MWh	0.50%
2025	14.8 MW	48,948 MWh	0.25%

WAC 480-100-650(3)(h) requires the provision of the greenhouse gas content calculation pursuant to RCW 19.405.070.

Pursuant to Order 01 in Docket UE-250751, PSE is exempt from this requirement. The UTC approved a waiver of the reporting requirements under WAC 480-100-650(3)(j) and (h), because they are duplicative, can be calculated from other accessible data, or are rendered unnecessary by the repeal. Therefore, electric utilities need not calculate or report greenhouse gas content calculations under CETA.

WAC 480-100-650(3)(i) requires the provision of an electronic link to the most recently filed fuel mix disclosure report as required by RCW 19.29A.140.

Commerce begins its process for preparing a fuel mix report for a calendar year in the second quarter of the following calendar year. PSE files a preliminary draft fuel mix report for a calendar year on or by July 1 of the following year. Commerce reviews the preliminary draft fuel mix report by the end of the third quarter of the following year and finalizes by the end of November of the following year. For example, PSE will receive the necessary guidance from Commerce regarding the fuel mix report for calendar year 2025 in the fourth quarter of 2026. Commerce will publish PSE data for calendar year 2025 in the fourth quarter of 2026, depending on its process.

As of the date of this Compliance Report, PSE can only provide electronic links to the 2021–2024 fuel mix reports. PSE will provide an electronic link to the 2025 Fuel Mix Report in PSE's 2027 Annual Progress Report.

- 2021 Fuel Mix and Greenhouse Gas Emissions Report
- 2022 Fuel Mix and Greenhouse Gas Emissions Report
- 2023 Fuel Mix Report
- 2024 Fuel Mix Report

WAC 480-100-650(3)(j) requires the provision of data regarding total greenhouse gas emissions in metric tons of CO2e.

Pursuant to Order 01 in Docket UE-250751, PSE is exempt from this requirement. The UTC approved a waiver of the reporting requirements under WAC 480-100-650(3)(j) and (h), because they are duplicative, can be calculated from other accessible data, or are rendered unnecessary by the repeal. Therefore, electric utilities need not calculate or report greenhouse gas content calculations under CETA.

WAC 480-100-650(3)(k) requires the demonstration of ownership of nonpower attributes for nonemitting generation using attestations of ownership and transfer by properly authorized representatives of the generating facility, all intermediate owners of the nonemitting electric generation, and an appropriate company executive of the utility.

PSE purchased system power from BPA in calendar year 2022–2025 pursuant to the Day Ahead Notice Capacity & Energy Surplus Sale Agreement (Surplus Sales Agreement) between BPA and PSE,

dated March 2, 2020. Appendix H covers purchased system power for the 2022–2025 implementation period.

Section 3(a) of the Surplus Sales Agreement provides that "BPA shall convey to PSE all Low Carbon Attributes and associated reporting rights, as defined in the WSPP Agreement, for all Firm Energy delivered to PSE under this Agreement." Section 2(h) of the Surplus Sales Agreement defines the term Low Carbon Attributes as "environmental attributes consisting of emission reductions, reporting rights and avoided pollutants and carbon dioxide. One megawatt-hour (MWh) of energy generation from the Federal System is associated with one MWh of Low Carbon Attributes."

Appendix H to this 2026 Compliance Report provides a copy of the Day Ahead Notice Capacity & Energy Surplus Sale Agreement between BPA and PSE, dated March 2, 2020.

WAC 480-100-650(3)(l) requires the provision of other information the company agreed to or was ordered to report in the most recently approved CEIP or Biennial CEIP Update.

Appendix X to this 2026 Compliance Report provides a spreadsheet of the status update for each condition in the 2022–2025 implementation period. This appendix covers a status update of the Conditions from Orders 08, 12 and 14.

WAC 480-100-650(4)(a)(i) requires the provision of data regarding total Washington retail sales.

- 2022: See Appendix B in Docket UE-210795 filed on June 30, 2023
- 2023: See Appendix B in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix B in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix I (CONFIDENTIAL) to this 2026 Compliance Report

WAC 480-100-650(4)(a)(ii) requires the provision of data regarding retail sales for customers participating in a voluntary renewable energy purchase program in alignment with RCW 19.405.020 (36)(b).

- 2022: See Appendix C in Docket UE-210795 filed on June 30, 2023
- 2023: See Appendix C in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix C in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix J (CONFIDENTIAL) to this 2026 Compliance Report

WAC 480-100-650(4)(a)(iii) requires the provision of data regarding total electricity production for all renewable and nonemitting generation owned, contracted, or controlled by the utility.

- 2022: See Appendix E in Docket UE-210795 filed on June 30, 2023
- 2023: See Appendix E in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix E in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix K (CONFIDENTIAL) to this 2026 Compliance Report

WAC 480-100-650(4)(a)(iv) requires the provision of data regarding electricity purchased from generation of qualifying facilities as described in RCW 19.405.020 (36)(a).

- 2022: See Appendix F in Docket UE-210795 filed on June 30, 2023
- 2023: See Appendix F in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix F in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix L (CONFIDENTIAL) to this 2026 Compliance Report

WAC 480-100-650(4)(a)(v) requires the provision of data regarding electricity sold or transferred for all bundled sales of electricity from renewable and nonemitting sources.

PSE did not sell bundled electricity from renewable or nonemitting resources in calendar years 2022–2025. Accordingly, PSE has nothing to report in this 2026 Compliance Report regarding bundled electricity sold from renewable or nonemitting resources.

WAC 480-100-650(4)(a)(vi) requires the provision of data regarding electricity sales in which the utility sold the electricity in a wholesale market sale without its associated nonpower attributes.

- 2022: See Appendix G in Docket UE-210795 filed on June 30, 2023
- 2023: See Appendix G in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix G in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix M (CONFIDENTIAL) to this 2026 Compliance Report

WAC 480-100-650(4)(b)(i) requires the provision of data regarding total monthly MWh of sales, purchases, and exchanges by counterparty of electricity sales in which that utility sold the electricity in a wholesale market sale without its associated nonpower attributes.

- 2022: See Appendix H in Docket UE-210795 filed on June 30, 2023
- 2023: See Appendix H in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix H in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix N (CONFIDENTIAL) to this 2026 Compliance Report

WAC 480-100-650(4)(b)(ii) requires the provision of total monthly megawatt-hours of sales, purchases, and exchanges of bundled electricity from renewable or nonemitting generation. For this subsection, bundled electricity is electricity sold with all its nonpower attributes in a single transaction.

- 2022: See Appendix I in Docket UE-210795 filed on June 30, 2023
- 2023: See Appendix I in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix I in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix O (CONFIDENTIAL) to this 2026 Compliance Report

WAC 480-100-650(4)(b)(iii) requires the provision of PPAs with a term longer than one month that source the electricity from coal-fired resources.

As of the date of the filing of this 2026 Compliance Report, PSE does not have any active coal-fired generation contracts.

WAC 480-100-650(4)(b)(iv) requires the provision, beginning Jan. 1, 2026, of all existing or new purchase contracts longer than one month with documentation that none of the electricity delivered is sourced from coal-fired generation.

As of the date of the filing of this progress report, PSE does not have any active coal fueled generation contracts. Accordingly, PSE has nothing to report in this 2026 Compliance Report regarding this element.

WAC 480-100-650(4)(b)(v) requires the provision of any data provided to the Western Power Pool's Western Resource Adequacy Program (WRAP) or its successor.

- 2022: See Appendix P (CONFIDENTIAL) to this 2026 Compliance Report
- 2022: See Appendix Q (CONFIDENTIAL) to this 2026 Compliance Report
- 2023: See Appendix J in Docket UE-210795 filed on July 1, 2024
- 2023: See Appendix K in Docket UE-210795 filed on July 1, 2024
- 2024: See Appendix J in Docket UE-210795 filed on July 1, 2025
- 2024: See Appendix K in Docket UE-210795 filed on July 1, 2025
- 2025: See Appendix R (CONFIDENTIAL) to this 2026 Compliance Report
- 2025: See Appendix S (CONFIDENTIAL) to this 2026 Compliance Report

WAC 480-100-650(4)(c) requires the provision of certain information regarding the use of unbundled RECs for alternative compliance with CETA.

PSE does not plan to use unbundled RECs for alternative compliance with CETA before the 2030–2033 compliance period. Accordingly, PSE has nothing to report in this 2026 Compliance Report regarding the use of unbundled RECs for alternative compliance with CETA.

WAC 480-100-650(4)(e)(i) The total amount of renewable or nonemitting energy that is generated or purchased, categorized by resource type, justified by associated RECs or NPAs.

Table 53: PSE generated resources in MWh and RECs

Resource	2025 renewable energy usage (MWh)	2025 RECs
Hydro	6,588,103	6,059,310
Solar/Wind	383,818	369,083
Wind	4,500,611	4,433,227
Biomass	131,819	131,818
BPA	330,969	-
Total	11,935,319	10,993,438

Appendix T to this 2026 Compliance Report provides monthly data for calendar years 2022–2025.

WAC 480-100-650(4)(e)(ii) The amount of renewable or nonemitting energy that the utility counts toward primary compliance, categorized by resource type, identified by the vintage of the associated RECs or NPAs.

Appendix U to this 2026 Compliance Report provides monthly data for calendar years 2022–2025.

WAC 480-100-650(4)(e)(iii) The total load served by the utility before line losses.

Appendix V to this 2026 Compliance Report provides monthly data for calendar years 2022–2025.

WAC 480-100-650(4)(e)(iv) The retail load served by the utility.

Appendix W to this 2026 Compliance Report provides monthly data for calendar years 2022–2025.

WAC 480-100-650(4)(e)(v) The total amount of energy storage resource charging and discharging, for supply-side resources owned or contracted by the utility, categorized by resource type.

As of the date of this 2026 Compliance Report, PSE has no supply-side charging resources to report.

WAC 480-100-650(1)(j) Document the use of any alternative compliance options as described in RCW 19.405.040(1)(b), or any request for a temporary exemption per RCW 19.405.090(3).

PSE did not use any alternative compliance options in the 2022–2025 implementation period.

11. Public participation, customer engagement, and outcomes

WAC 480-100-650(1)(k) Requires this report to include a description of the public participation opportunities the utility provided and the feedback the utility received during the implementation period, including whether and how public participation influenced the utility's decisions and actions.

PSE's Public Participation Plans, filed in 2021 and updated in 2023, set clear and comprehensive goals: to ensure participation was equity-focused and inclusive; make information accessible and understandable; sustain strong advisory and community partnerships; and actively incorporate community input into all stages of planning and implementation. These plans also emphasized identifying and removing barriers to participation, developing replicable and equitable engagement practices, and promoting transparency, accountability, and trust throughout the process.

In alignment with these plans and goals, PSE implemented a wide-ranging and inclusive approach to customer and community engagement throughout this implementation period. PSE's efforts spanned multiple workstreams and strategies, all aimed at embedding public participation throughout its clean

energy planning and implementation efforts. During this time PSE evolved its engagement approach to be increasingly relational by adopting an ongoing process of listening, outreach, and partnership with customers, community advocates, organizations, and residents. This approach fostered opportunities to provide input and feedback across a variety of settings, from formal advisory meetings and public workshops to direct outreach in named communities and collaboration with community-based organizations.

Customer and community engagement at PSE has evolved into a dynamic, continuously improving feedback loop. Insights and perspectives gathered in one venue, such as through advisory groups, public forums, or partnerships, are shared across the organization and integrated into planning, program design, and implementation. The EAG played a critical role in this process. Still, the structure ensured that meaningful input came from a broad spectrum of voices and was continuously reflected in PSE's evolving equity framework, customer benefit indicators, and definitions of community need. By centering accountability and action, PSE built trust and reinforced the value of public participation in utility decision-making.

During the implementation period, PSE received consistent feedback from customers, community-based organizations, agencies, municipalities, and Tribal entities that affordability, accessibility, and trust are critical to effective participation in clean energy programs. Across engagement activities participants identified recurring barriers including upfront and ongoing costs, language access needs, renter constraints, administrative complexity, limited digital access, and the need for trusted, community-based outreach.

Customers also emphasized the importance of clear information, flexible participation options, and support that extends beyond program awareness to enrollment and ongoing use. This feedback influenced PSE's decisions and actions by reinforcing the need to design engagement and program delivery around barrier reduction, in-language communications, on-site and hands-on assistance, partnerships with community organizations, and more tailored approaches for named communities and Tribal customers.

One clear example is PSE's DER program design engagement conducted from 2022 to 2023.[42] Through interviews, focus groups, workshops, and surveys involving more than 300 residents and over 60 community-based organizations, government agencies and Tribal entities whose mission it is to serve and benefit named communities, participants consistently communicated that DER offerings would be more effective if they reduced cost barriers, improved resilience, simplified enrollment, and provided flexible ownership options and technical support. In response, PSE used that feedback to inform DER product development, equity-focused program design, and tariff proposals.

Participant input supported decisions to emphasize targeted financial incentives, flexible ownership models, hands-on installation and maintenance support, trusted community-based outreach, and

[42] https://www.pse.com/-/media/PDFs/Storing-your-own-Power/7989_DER_Community_Engagement_Report.pdf

clearer customer education. These outcomes demonstrate that public participation during the implementation period did not serve solely as information gathering, but also directly influenced program design, implementation priorities, and PSE's actions to improve equitable access to clean energy benefits.

PSE furthered this work, in response to Condition 27 of Order 08, which required PSE to develop and implement "a DER Public Engagement Pilot to gain experience with and understanding of engaging Named Community members at the "Empowerment" level on the International Association for Public Participation's Public Participation Spectrum in developing DER offerings specifically for Named Communities."

PSE met this obligation by establishing four "emPOWERment groups" across its service area, specifically aiming to empower designated communities. Following EAG recommendations, PSE partnered with community-based organizations (CBOs) and offered compensation to both CBOs and participants for their efforts. Over nine months, these groups held 34 meetings (about eight per group), utilizing a range of formats: fully in-person and in Spanish (one group), hybrid but mostly in-person (two groups), and remote (one group).

The pilot produced outcomes that advanced implementation of Order 08, Condition 27 while demonstrating how sustained public participation can improve program accessibility, relevance, and equitable delivery. Through community-based outreach models, enrollment support, and partnerships with trusted organizations, PSE reduced participation barriers and expanded pathways to clean energy benefits for multilingual, income-eligible, renter, and Tribal customers. The pilot also informed development and scaling of initiatives related to Community Solar, workforce development, reliability, and language access, while reinforcing the value of tailored, community-centered engagement in program design and implementation. Collectively, these outcomes support broader CEIP objectives by translating public participation into durable implementation strategies and measurable improvements in access.

Another example is PSE's customer outreach and barrier-removal work during the implementation period. Through field observations, workshops, one-on-one appointments, and partnerships with community organizations, PSE received direct feedback that documentation requirements, language barriers, limited internet access, and a lack of familiarity with available programs were preventing some customers from participating.

In response, PSE expanded on-site enrollment support, offered paper applications and self-addressed stamped envelopes for customers without internet access, increased interpreter support and Spanish-speaking outreach staff, partnered with trusted community organizations, and diversified engagement methods through virtual workshops, office hours, and outreach in community-based settings. These changes demonstrate how public participation influenced not only long-term program design, but also day-to-day implementation decisions aimed at reducing barriers and improving equitable access to clean energy benefits.

During the implementation period, PSE applied a diverse mix of engagement strategies, including targeted outreach to named communities, deepened relationships with community-based organizations, and structured, ongoing communication channels. Feedback and insights from these efforts were tracked, analyzed, and directly informed utility actions, shaping program design, refining measures of customer benefit, and evolving clean energy strategies. By prioritizing broad, ongoing, and reciprocal engagement, PSE ensured that public participation was not only consistent with WAC 480-100-650 (f) and (k), but also a driving force in achieving its clean energy and equity objectives.

A detailed description of PSE's public participation process is included in in Appendix C: Public participation and Equity Advisory Group process.

12. Appendix

WAC 480-100-650(1)(l) requires the clean energy compliance report to include the data input files made available to the commission in native format and in an easily accessible format as an appendix.

PSE has included all required data as appendices and references within this 2026 Compliance Report.