

Invenergy LLC (“Invenergy”) and Grays Harbor Energy Center (“Grays Harbor”) appreciate the opportunity to provide comments to the State of Washington Department of Ecology (“Ecology”) regarding the external carbon markets that will serve as allowable compliance options for the Clean Air Rule (“CAR”). Grays Harbor is located in Elma, Washington and is able to produce 650 megawatts of power. The project is owned by Invenergy, an independent power producer that develops, owns, and operates power generation and energy storage facilities in North America, Latin America, Japan, and Europe. As an IPP, Invenergy, and GH by extension, do not operate under the regulated and vertically integrated utility business model, meaning that costs must be recovered through the market and contractual agreements, including the costs of the carbon allowances at issue.

As Ecology has correctly noted, there are four options to comply with the CAR, including the option to purchase allowances from external carbon markets. In order for such an allowance to be used to comply, covered parties must provide proof of the transaction that will be verified by Ecology to ensure that the allowance is permanently taken out of the market. CAR contains specific allowable external program criteria: (1) the allowances must be issued by established multi-sector greenhouse gas emission reduction program; (2) covered parties must be able to purchase the allowances; and (3) the allowances must be derived using methods congruent with those in Washington’s greenhouse gas reporting. During the comment period, eighteen programs were suggested by the public. Ecology has thoroughly reviewed those suggestions and vetted four programs that meet the three criteria enumerated in the CAR. Those programs are the European Union Emission Trading System (“ETS”); New Zealand ETS; South Korea ETS; and the Western Climate Initiative.

Invenergy supports inclusion of all four identified emissions trading programs as allowable external carbon markets. Increasing the options of covered parties will allow those parties to meet their compliance obligation at lowest cost. All programs identified and vetted by Ecology appear to meet the three criteria in the CAR. Although Invenergy has not participated in these markets, it has knowledge of the liquidity and accessibility of the EU ETS in particular. Invenergy also supports release of the list of approved cap and trade programs in late fall of 2017. Expedient release will allow covered parties to best comply with CAR’s obligations and reduce uncertainty.

We look forward to implementing the CAR in partnership with Ecology. Thank you for the opportunity to comment and please contact us if you have any questions.

Sincerely,

Orijit Ghoshal
Manager, Regulatory Affairs
oghoshal@invenergyllc.com
303-800-9340