

Bonneville Power Administration

BPA comments, part 1. Part 2 will contain BPA's suggested redlines as the uploader won't let me upload two documents.



Department of Energy

Bonneville Power Administration
P.O. Box 3621
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August 1, 2021

Washington Department of Ecology
300 Desmond Drive SE
Lacey, WA 98503

Re: Draft rules to Chapter 173-441 WAC (Reporting of Emissions of Greenhouse Gases)

The Bonneville Power Administration (BPA) appreciates the opportunity to provide comments on the Washington Department of Ecology's (Ecology) draft rule language for WAC 173-441 regarding the reporting of Greenhouse Gases (GHG). BPA markets power from 31 federal hydroelectric projects, one nuclear plant, and some other small nonfederal power plants and owns about 75 percent of the region's high voltage transmission. BPA provides low-carbon power to over 130 preference customers in the region, 63 of which are consumer-owned utilities in Washington. For over twenty years, BPA has voluntarily reported its fuel mix to the Washington Department of Commerce and BPA participates in California's cap-and-trade program as an Asset Controlling Supplier (ACS) for surplus sales into California as well as sales to a preference customer. This rulemaking will have implications for BPA and its Washington preference customers' compliance with Washington's newly enacted Climate Commitment Act (CCA).

BPA has attached to its comments a redlined version of proposed WAC 173-441 containing BPA's more detailed technical suggestions and specific suggested edits. In addition, BPA is elaborating on several key considerations in this written comment regarding reporting and verification deadlines and requirements, reporting roles and responsibilities for BPA and its customers, accounting for energy imbalance market imports, the unspecified emissions factor, and documentation for Renewable Energy Credits.

BPA is also requesting that Ecology permit parties more time to submit additional comments to the proposed GHG reporting rule language. For example, BPA is prepared to invest additional time beyond the August 1 timeline to write language that proposes a process for how BPA could report and verify its GHG emissions data and how BPA's preference customers and other purchasers of BPA power in Washington may be able to refer to BPA's annual GHG emissions data with Ecology. BPA's understanding, based on Ecology's comments at the July 22, 2021 kickoff meeting for this rulemaking, is that this round of comments is preliminary in nature and that there will be another, more formal opportunity to provide comments.

1. Reporting and Verification Deadlines and Requirements

BPA requests that Ecology allow electric power entities (EPEs) to report final GHG data submittals by June 1 of each calendar year. BPA has a long history of voluntarily reporting its fuel mix and GHG emissions to Washington as well as California and Oregon. The deadline for reporting for all three states has historically been June 1. If Ecology expects BPA to report data by March 31, the best data available at that time would only be draft data and there could be inaccuracies that result in revisions that would need to be made in the verification report. The full five months (to June 1) are necessary for BPA to be able to compile and do quality control on the high volume of data that goes into these reports. BPA understands that the CCA contains a March 31 deadline, and suggests that Ecology may be able to provide an extension to the reporting deadline for EPEs until June 1. BPA prefers an extension, rather than an initial submission due March 31 with final data due June 1, because the process of submitting an initial version and re-submitting a final version would be much more time-consuming for a reporting EPE without providing much value to Ecology in terms of accurate, useful data.

Likewise, BPA requests that Ecology change the verification deadline from July 31 to August 10 to be consistent with the California Air Resource Board's (CARB) deadline for verification. Experience participating in CARB's reporting program has confirmed that BPA needs these extra 10 days to complete the verification process. Further, with regard to verification, BPA also urges Ecology to acknowledge that BPA can submit to Washington the same verification report that is completed for CARB for BPA's ACS reporting. The data BPA provides on its fuel mix and emissions is consistent across the states. Requiring unique verification would only duplicate costs and workload.

Lastly, the data provided in these types of reports contains proprietary and confidential information on annual generator output, sales, etc. BPA requests Ecology include in its rules provisions protecting the proprietary and confidential nature of this data. Ecology could do this by indicating in the rules that Ecology will sign a non-disclosure agreement with EPEs. Alternatively, Ecology could include a confidentiality section on the reporting platform (CARB's reporting platform does this and could be used as an example).

2. Reporting Roles and Responsibilities for BPA and its Customers

BPA believes that the reporting and verification responsibilities for BPA and its preference customers could be better defined to improve efficiency and reduce administrative workload and costs for BPA, its preference customers, investor-owned utilities, or other entities that may purchase from BPA, as well as for Ecology. Given the short turn around for these comments, BPA has not had time to coordinate further with its preference customers on this. BPA plans to provide detailed suggestions to Ecology on this by August 31 and is asking Ecology to confirm that it will consider additional comments BPA and other stakeholders provide in this timeframe.

3. Accounting for Western Energy Imbalance Market (EIM) Imports

BPA urges Ecology to hold a separate rulemaking in order to give adequate time and attention to this complex topic. BPA believes there are several complications that need to be addressed and

that Ecology cannot simply adopt verbatim for Washington the approach CARB has taken to account for emissions attributed to EIM imports into California. These include:

- a) The footprint of EIM participants, such as the multi-state Balancing Authorities in the region, and scheduling points do not align with Washington State borders. Whereas in California it is relatively straightforward to identify when an import has crossed state lines as California's transmission operator has boundaries consistent with its state political boundaries.
- b) Whether there is a method to identify that an EIM purchase made by BPA is "deemed" to serve Washington load. BPA is moving towards joining the EIM in March 2022. Expanding on the consideration in (a), is there a method that can be established to identify that a specific resource is "deemed" to serve BPA's preference customers located in Washington? If not, how will Ecology account for BPA's purchases in the EIM?
- c) BPA has not decided if it will voluntarily elect to be the First Jurisdictional Deliverer (FJD) for sales into Washington. However, BPA would by definition be the participating resource scheduling coordinator, which CARB identifies as being the FJD for EIM imports. BPA would like the rules to identify who is the FJD and how EIM imports are accounted for if BPA does not elect to be the FJD for sales into Washington.
- d) Additional understanding and clarity are needed to address the EIM outstanding emissions calculations applicability in Washington and the potential for double counting emissions for an ACS entity like BPA. This EIM emissions calculation was established in order to accurately account for leakage or secondary dispatch in the EIM. However, BPA believes that absent further clarification the calculation will result in GHG emissions accounting inaccuracies for an ACS entity such as BPA because the emissions attributable to EIM imports into the ACS system will be first accounted for in the ACS emissions factor and then accounted for again by the EIM purchaser. This could result in considerable increases in costs under the CCA for BPA and its preference customers.

BPA believes the level of discussion and coordination needed between Ecology, CARB, the California Independent System Operator (CAISO), and stakeholders warrants considerably more discussion and would be best suited for a separate rulemaking. In particular, the CAISO, who runs the EIM and would need to be able to implement Ecology's method of accounting for EIM purchases as proposed, has not identified this as an issue it will take up in the next few years in its road map.

4. Unspecified Emissions Factor

BPA requests Ecology adopt 0.428 MT CO₂e per MWh as the default emissions factor for unspecified purchases for GHG reporting that will apply to compliance obligations for

Washington's CCA. This aligns the emissions factor with CARB's unspecified emissions factor, providing consistency across jurisdictions should the programs link.

The emissions factor established in WAC 173-444-040 (4) was for purposes of calculating GHG content for Energy Transformation Projects under Washington's Clean Energy Transformation Act (CETA). When established, it was not discussed as being applicable to another program such as cap-and-trade. BPA understands that the 0.437 MT CO₂e per MWh emissions factor established in WAC 173-444-040(4) is based on CARB's unspecified emissions factor with transmission losses embedded into it. Embedding the transmission losses into the GHG reporting emissions factor will likely lead to confusion in application of transmission losses for GHG reporting for cap-and-trade and potentially inaccurate accounting of losses. In addition, the differing emissions factors could lead to a different ACS emissions factor for BPA for sales into Washington and California. Consistency with CARB's unspecified emissions factor will make reporting more efficient, provide for more accurate accounting of transmission losses, and eliminate potential market frictions that could result if, for example, BPA's ACS emissions factor is not the same.

5. Documentation for Renewable Energy Credits (RECs) for Specified Sources

BPA suggests Ecology remove the requirements that EPEs provide documentation for RECs for claims on specified sources. CETA requires that utilities retire RECs for renewable resources used for compliance. Utilities should not be required to make any additional demonstrations about RECs to Ecology for GHG reporting for the CCA. CARB's rules around documentation for RECs relates to verification for its RPS Adjustment, which is not applicable in Washington.

BPA appreciates Ecology's efforts to propose these GHG reporting requirements under the tight timelines imposed by the CCA. It is BPA's intent to submit additional comments and suggestions by August 31. In the meantime, please feel free to contact me at 503.230.4358 or Liz Klumpp at 360.943.0157 if you have any questions on these general comments or suggested edits to the proposed rule.

Thank you,



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