



July 30, 2021

Filed Via Web Portal

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)

Dear Sir or Madam:

The Public Generating Pool (PGP) appreciates the opportunity to provide comments to the Washington Department of Ecology (Ecology) on the draft rules to Chapter 173-441 WAC (Reporting of Emissions of Greenhouse Gases). PGP represents eleven consumer-owned utilities that own and operate approximately 8,000 megawatts of generating resources in the state and purchase approximately 45 percent of Bonneville Power Administration's preference power.

These comments reflect PGP's primary interests to (1) establish clear reporting responsibilities to ensure accurate measurement of greenhouse gas emissions; (2) align reporting requirements and utilize existing processes from California where possible; and (3) align with the statutory framework carefully developed by passage of E2SSB 5126 into law.

The following are areas of the draft rules for which we recommend modifications or further discussion and consideration.

1. Provide opportunities for discussion or workshops focused on reporting for electric power entities.

Due to the complexity and need for sufficient time for discussion, PGP recommends providing opportunities to focus solely on reporting for electric power entities at future workshops. We request a process focused on the electric sector to fully review and understand the proposed requirements.

2. Clarify reporting requirements for electric power entities to both ensure accurate reporting and prevent the double reporting of emissions.

From PGP’s initial review of the draft rules, it is not immediately clear what the reporting requirements would be for retail providers solely providing service in Washington who are not otherwise classified as electricity importers or first jurisdictional deliverers. PGP recommends providing more detail specific to Washington-only retail providers and considering reorganizing the rules into sections pertaining to the various types of reporters (i.e., Washington-only retail providers, multijurisdictional retail providers, Bonneville Power Administration (BPA), full requirement BPA customers, in-state generators, and electricity importers) to ensure clarity in reporting.

3. Establish a deliberative process for determining emissions associated with the Energy Imbalance Market to ensure accuracy in reporting.

Markets play an essential role in decarbonizing the electric sector. Identifying emissions associated with the Energy Imbalance Market is a complex endeavor that, without careful study and coordination with the California Independent System Operator (CAISO) and the California Air Resources Board, could result in either gaps in counting or double counting of emissions. PGP recommends that Ecology utilize the additional time to establish rules, as afforded by E2SSB 5126, to thoroughly consider the appropriate treatment of imported electricity dispatched through the Energy Imbalance Market.¹ In particular, we recommend discussions related to whether the CAISO algorithm will need updating in order to accommodate the Washington program and whether other existing processes to determine what is considered “delivered” will need to be addressed.

4. Utilize existing California cap-and-trade program processes and timelines to reduce costs and improve efficiencies, where possible.

PGP would welcome the opportunity to discuss with Ecology and other stakeholders whether there may be existing processes associated with the California cap-and-trade program that could be utilized by Washington. Specifically, Bonneville Power Administration has recommended (and PGP supports) moving the reporting deadline to June 1 and the verification deadline to August 10 in alignment with California even though the Washington statute points to March 31. This is not a feasible reporting deadline and would only create inefficiencies in the reporting process. There may be other ways to establish efficiencies between the two programs, even during the time when the programs are not linked, including utilizing the same third-party verification processes, utilizing the same emissions factors for facilities used in both markets, among other possible approaches to improve efficiency.

5. The reporting rule should provide more clarity that “imported electricity” does not include unspecified electric imports that are netted against unspecified electric exports.

¹ “In consultation with any linked jurisdiction to the program created by this chapter, by October 1, 2026, the department, in consultation with the department of commerce and the utilities and transportation commission, shall adopt by rule a methodology for addressing imported electricity associated with a centralized electricity market...”(Section 10(1)(c))

While the definition of imported electricity included in the draft rules aligns with the netting concept outlined in statute, PGP recommends including the netting concept in Section 2(iii) of WAC 173-441-124 addressing data requirements and calculation methods for imported electricity from unspecified sources. Specifically, PGP recommends adding the following underlined text to this section: “When reporting imported electricity from unspecified sources, the electric power entity must net electricity imports of unspecified electricity with exports of unspecified electricity to any jurisdiction not covered by a linked program by the same entity within the same hour and must report for each first point of receipt the following information...”.

6. PGP recommends utilizing the unspecified emissions factor used by California and Oregon to promote regional consistency.

PGP recommends that Ecology consider utilizing the rate used by California and Oregon of 0.428 metric tons of CO₂e per MWh to ensure efficient market operations and alignment of Washington’s program with the broader West. Aligning the emissions rates (along with processes and policies) will increase efficiency in the marketplace. PGP recognizes that when developing a utility’s greenhouse gas emissions content to implement RCW 19.405.070, Ecology utilized an emissions factor of 0.437 metric tons of CO₂e per MWh. However, the calculation required by this section of law is different than the approach of the Climate Commitment Act, and there is no indication that Ecology is required to utilize this same emissions factor for its greenhouse gas emissions reporting under RCW 70A.15.2200. To ensure that there is consistent consideration and accounting between regional jurisdictions, Ecology should adopt the same emissions factor for unspecified electricity imports as used by California and Oregon.

7. It is not clear what the value of reporting exported power is for the State, nor is it clear why claims of specified sources of electricity would rely on renewable energy credits (RECs).

PGP requests clarification and further discussion regarding reporting exports and reliance on RECs with respect to emissions reporting to understand whether the provisions included in the draft rules might be carryovers from California rules. The Climate Commitment Act and cap-and-invest program do not rely on the use of RECs to verify emissions data and so it would seemingly be unnecessary in the Washington policy context.

8. Ecology should recognize the need for rules that align with the multi-state nature of the electric grid and support product differentiation.

Many transactions that occur via the mid-Columbia trading hub in Washington ultimately do not sink in Washington and there may be efforts to differentiate these products in future markets. PGP recommends that, to the extent possible, rules should provide flexibility for different products to be traded at the hub with and without a Washington carbon obligation based on the ultimate sink of the electricity.

PGP appreciates the opportunity to submit these comments. If you should have questions, feel free to contact us, as follows: Therese Hampton at thampton@publicgeneratingpool.com and 360-852-7366, or Tashiana Wangler at twangler@publicgeneratingpool.com and 503-956-9281.

Sincerely,



Therese Hampton, Executive Director
Public Generating Pool



Tashiana Wangler, Regulatory Policy Analyst
Public Generating Pool