



November 16, 2021

ATTN: Rachel Assink  
Department of Ecology  
Air Quality Program  
P.O. Box 47600  
Olympia, WA 98504-7600

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

Puget Sound Energy (PSE) is Washington State's oldest and largest investor-owned energy utility, serving over 1.1 million electric and over 850,000 natural gas customers with safe and reliable energy services. In January, PSE announced an aspirational goal to be a Beyond Net Zero Carbon company by 2045. PSE will target reducing its own carbon emissions to net zero and go beyond by helping other sectors to enable carbon reduction across the state of Washington. In alignment with our Beyond Net Zero aspirations, PSE was proud to support the Climate Commitment Act (CCA) this past session and is preparing in earnest for implementation of this important policy.

PSE respectfully submits the following comments in response to the Washington State Department of Ecology's (Ecology or The Department) request for public comment on proposed rules to Chapter 173-441 WAC (Reporting of Emissions of Greenhouse Gases). PSE appreciates the opportunity to comment and looks forward to further engagement with Ecology as the rulemaking process continues.

In making these comments, PSE would like to highlight that Ecology is directed in statute (and acknowledged in form CR-102<sup>1</sup>) to develop rules that facilitate program linkage with other jurisdictions. The ability to link, whether immediately or in the future, must be both established and preserved through the initial rulemaking process so as to maximize market efficiencies that reduce greenhouse gas (GHG) emissions at the lowest cost possible. Additionally, coordination and collaboration with other jurisdictions, especially California, through entities like the California Independent System Operator (CAISO) and the California Air Resources Board (CARB), is also necessary to ensure that Washington and California's programs (and market) can work together efficiently. We strongly encourage Ecology to solicit other agencies' expertise as rules are developed and the program is implemented.

**Treatment of Electric Power Entities (EPE) and the Energy Imbalance Market (EIM)**

Ensuring the protection of customers and harmony with existing regulations is crucial to PSE and imperative in CCA rulemaking. To that end, PSE signed onto and affirms the comments submitted by the Joint Utilities regarding the rule treatment of EPE, and imports of electricity through the EIM or other centralized markets. The intention of these comments is to:

- Avoid unintentional compliance obligations for emissions assigned to imports of electricity through the EIM or any other centralized market that would be inconsistent with the CCA; and

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<sup>1</sup> <https://ecology.wa.gov/DOE/files/47/47349f52-2ee6-49cc-8adb-147510926e9a.pdf>

- To ensure that, even on an interim basis, the point of regulation associated with energy imported into the state via centralized markets is, to the extent possible, consistent with the point of regulation for all other electric power imports and that emissions assigned to those imports are appropriate.
- While underscoring that the Joint Utilities have an interest in ensuring that a robust set of rules is adopted at the outset such that future linkages with external cap-and-trade programs will not be jeopardized.

Therefore, PSE affirms the Joint Utilities recommendation for a technical workshop in the near-term to develop an interim solution to address emissions associated with EIM imports. Please reference the comments of the Joint Utilities for further details.

Further, PSE requests that the reporting threshold of 10,000 metric tons for EPE reporters be removed so as to maintain parity in the carbon market that will be developed under the CCA. This is consistent with California's reporting threshold.

### **Emissions Factor**

PSE requests that Ecology adopt the emissions factor of 0.428 metric tons of CO<sub>2</sub>e per MWh for unspecified electricity imports, also utilized by California and Oregon, as noted by other parties in earlier comments. Washington is not on an island and must consider the broader region as we work to reduce emissions through a market-based approach. Adopting the same emissions factor ensures consistency and efficiency for the region. In addition, we recommend Ecology work with CARB to adopt one clearinghouse for emissions factor registration intended for imported claims. This is necessary for consistency and to maintain accuracy with CARB.

### **Reporting**

PSE believes that existing processes and timelines associated with California's program should be leveraged for cost and program efficiencies and to promote program linkage. PSE appreciates language in the proposed rule, as it relates to EPE reporting, requiring a preliminary report by March 31 and a final revised report by June 1 in closer alignment with CARB reporting deadlines. However, a single reporting deadline of June 1 for EPE reporters should be considered for efficiency and streamlining purposes. Should the March 31 and June 1 dates stand, PSE requests that Ecology develop a guidance or FAQ document with a focus on the expectations of the preliminary and final reports to assist EPE reporters, similar to CARB's EPE FAQ<sup>2</sup>.

Additionally, PSE has identified several scenarios where expanded content for covered and non-covered emissions subject to CCA cannot be accommodated by the reporting systems currently used by Ecology. In the proposed rule, Ecology requires local distribution companies (LDCs) to report, separately and individually, end-user emissions of methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), and carbon dioxide (CO<sub>2</sub>) from biomass-derived fuels (non-covered GHGs). However, the Environmental Protection Agency's (EPA) Electronic Greenhouse Gas Reporting Tool (e-GGRT) cannot support these data elements using the e-GGRT Subpart NN platform (Suppliers of Natural Gas and Natural Gas Liquids). Currently, only one fuel type can be reported in e-GGRT Subpart NN in gas distribution systems, which is pipeline natural gas. Furthermore, the e-GGRT Subpart NN program only calculates for CO<sub>2</sub> emissions from the end-user, and it does not account for CH<sub>4</sub> and N<sub>2</sub>O in the final report. For LDCs to comply with the rule using e-GGRT, the platform will need to be changed, or other systems will need to be put in place to gather this data.

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<sup>2</sup> [https://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep-power/epe-faqs-2020.pdf?\\_ga=2.137046515.2127713389.1635373646-1130883803.1621468123](https://www.arb.ca.gov/cc/reporting/ghg-rep/ghg-rep-power/epe-faqs-2020.pdf?_ga=2.137046515.2127713389.1635373646-1130883803.1621468123)

It is anticipated that LDCs will want to utilize biogenic accounting immediately so suitable systems must be in place on day one to report all covered and non-covered emissions, including biofuels and biomass-derived emissions. PSE sees three options Ecology could take to accommodate biogenic gas and emissions reported by LDCs:

- 1) Ecology develops an agency spreadsheet tool specific to LDCs reporting biogenic gas and associated GHGs under Subpart NN;
- 2) The Department works with the EPA to modify e-GRRRT; or
- 3) Adoption and implementation of California's e-GGRT platform (Cal e-GGRT).

Given the timing of this rule and associated logistical coordination with either EPA or California, the spreadsheet approach is likely the most straightforward and expedient option to capture this important data. Regardless, PSE is supportive of all three of these approaches.

### **Verification**

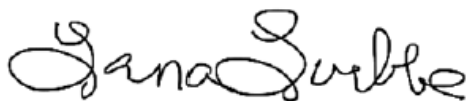
PSE supports language included in the proposed rule adopting a verification deadline of August 10 consistent with California's program and procedures. Ecology should continue to consider language that maximizes efficiency, avoids duplicative reporting mechanics and requirements, and preserves the ability for program linkage with other jurisdictions, as noted earlier.

As it relates to third-party verifiers, PSE is supportive of language in the proposed rule "clarifying that conflict of interest does not include working for a reporter to verify GHG emissions in another jurisdiction." We agree with other commenters that verification requirements should be streamlined to ensure an adequate supply of third-party verifiers and to minimize burden on those regulated. Generally, Ecology should consider whether there will be enough qualified entities to feasibly meet verification requirements in the proposed rule, particularly in year one of the program. PSE strongly recommends that Ecology provide formal annual training to verification bodies before the first report is due and consider creating a list of verifiers for entities to select from.

### **Conclusion**

PSE appreciates the opportunity to provide comment and looks forward to continued dialogue throughout the rulemaking process. Should you have any questions, please reach out to Kassie Markos at 206-258-0308 or Lorna Luebbe at 206-604-3773.

Sincerely,

A handwritten signature in black ink that reads "Lorna Luebbe". The signature is written in a cursive, flowing style.

Lorna Luebbe  
Assistant General Counsel, Director of Environmental Services  
Puget Sound Energy