Avista Utilities

see attached

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Sent via public comment portal at Ecology.wa.gov

November 16, 2021

Neil Caudill
Air Quality Program, Department of Ecology
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Lacey, WA 98503

RE: Avista comment on the revised new rule, Chapter 173-441 WAC, Reporting of Emissions of Greenhouse Gases, as Directed by Section 33 of the Climate Commitment Act.

Mr. Caudill:

Avista Corp d/b/a Avista Utilities (Avista) appreciates the opportunity to provide comments to the Washington Department of Ecology as part of the proposed changes to its regulations for reporting of emissions of greenhouse gases.

Avista is an energy company involved in the production, transmission, and distribution of energy that includes both electric and natural gas service. We provide electric service to 400,000 customers and natural gas to 367,000 customers. Our service territory covers 30,000 square miles in eastern Washington, northern Idaho and parts of southern and eastern Oregon, with a population of 1.7 million.

At Avista, we've carefully considered how our business intersects with the environment for decades. We believe that we all play a role in addressing climate change and that being good stewards of our shared resources is a collective effort. As a result, in 2019 we announced a goal to serve our customers with 100 percent clean electricity by 2045 and to have a carbon-neutral supply of electricity by the end of 2027. During 2021, we also announced goals to reduce natural gas emissions 30% by 2030 and to be carbon neutral in our natural gas operations by 2045.

General Comments

Rulemaking Schedule. The added complexity and detail included in the current revision to rulemaking for the reporting of emissions of greenhouse gases will necessitate additional outreach from Ecology. Implementation of the Climate Commitment Act will have significant impacts on regulated entities such as Avista and our Washington customers. While resolving this rulemaking in a timely manner is important, there is no statutory

deadline to do so. With just one Ecology presentation on the informal rules provided prior to a final draft and a formal comment period, neither sufficient time nor information has been provided to stakeholders to reasonably evaluate the draft rule and provide effective commentary. Avista requests that Ecology consider revising the rulemaking schedule and providing additional opportunities for discussion and workshops, in particular for fuel suppliers and electric power entities. This would allow for focused consideration of the issues faced by these reporting sectors.

Linkage with other Jurisdictions. Avista encourages Ecology to pursue linkage with other jurisdictions in a timely manner as specified in the enabling statute at RCW 70A.65.210. Linkage of the programs developed under the Climate Commitment Act with other jurisdictions can provide multiple benefits, as specified in the statute. Additionally, developing reporting requirements and deadlines consistent with other jurisdictions will streamline processes for reporters and agencies and better accommodate linkage.

Specific Comments

Annual GHG Report Narrative Requirement. The proposed requirement found at 173-441-050 (3)(p) specifies that a narrative of cause be included in an annual report if a variation in emissions of GHGs of more than 5 percent over the previous year occurs. Year over year variability for both our gas and electric systems is typically greater than 5 percent due to weather-related energy demand. A requirement for a narrative based upon an annual variation of 10 percent or greater would likely result in a more relevant causal narrative.

Dual Reporting requirements for Electric Power Entities. The draft rules[1] require electric power entities (EPEs) to file an annual report using best available information by March 31 of each year, and then a final revised report by June 1 of the same year. In addition to being duplicative of time and effort, this proposed timing does not fit with data availability. Avista and similar reporters would likely lack a significant amount of the information required for submittal by the March 31 filing deadline. For example, much of the data that would be used in the filing for EPEs under the draft rule is contained in the FERC Form 1 filing. The FERC Form 1 has a filing date of April 19 and the data in this FERC report is not available for other uses prior to that date. Avista requests that Ecology remove the March 31 filing requirement for EPEs.

Comments on Section 173-441-122, Calculation Methods for Suppliers

Reporting of Biomethane. The draft rules[2] covering suppliers of natural gas, natural gas liquids, liquefied petroleum gas, compressed natural gas, and liquefied natural gas states that "Any supplier of natural gas or natural gas liquids with emissions calculated under this subsection that exceeds the reporting threshold in WAC 173-441-030(2) must comply with 40 C.F.R. Part 98 Subpart NN in reporting emissions." This section also states that "…all suppliers of natural gas covered in this section must separately report the CO2, CO2 from biomass-derived fuels, CH4, N2O, and CO2e emissions from the complete combustion or

[1]Proposed WAC 173-441-050(2)(a)(i)
[2]Proposed WAC 173-441-122(4)

oxidation of the annual volume of natural gas delivered…" The USEPA online GHG reporting platform specified by reference in this rule section, the electronic Greenhouse Gas Reporting Tool (e-GGRT), does not allow for reporting of biomethane, biogas, CH4, or N2O under Subpart NN. In the interest of conforming accounting practices with nearby jurisdictions and providing accounting for biomethane and biogas, Avista suggests that Ecology specify use of the California Air Resources Board GHG reporting tool, Cal e-GGRT for natural gas supplier GHG accounting. The Cal e-GGRT allows for accounting of biomethane and biogas purchases and acquisitions as part of local distribution company (LDC) reporting.

As an alternative to the reporting systems noted above, Ecology could develop a spreadsheet tool specific to LDC reporting of biomethane and associated GHGs under Subpart NN. The development of such a tool is likely the most feasible option given the rule implementation schedule and the complexity associated with utilizing existing reporting systems for biomethane and biogas reporting.

The draft rule[3] also states that "Local distribution companies must separately and individually calculate end user emissions…from biomass-derived fuels [emphasis added]." In addition to procuring or delivering biomethane to a specific customer; Avista may purchase and deliver biomethane for general service rate classes in support of the decarbonization processes of the Avista LDC. Avista requests that Ecology include purchases and end use accounting of biomethane for general service delivery in LDC systems. This type of biomethane delivery would include full GHG and contractual accounting for the biomethane but would not be associated with any particular end user.

Biomethane transportation. When an LDC purchases biomethane on behalf of customers, it is displacing that amount of natural gas on the system and therefore reducing the carbon emissions from the whole system**.** Biomethane is indistinguishable from natural gas when co-mingled with fossil natural gas and injected into natural gas transmission and distribution pipelines. Because of the interconnected design of the natural gas system and pipelines, there is no way of tracking the specific gas purchased to a specific customer's meter.

Avista suggests that Ecology utilize Section 4 of the CARB guidance for reporting biomass derived fuels[4]. This guidance provides LDCs with two methods to provide evidence they are receiving the biomethane. The **first** method shows that the biomethane was transported to a specific customer where the biomethane was combusted. Evidence includes shipping reports, in-kind nomination reports, and contracts, as applicable, showing the fuel moving along pipelines towards the source of combustion, as specified by the proposed Ecology rule[3]. The **second** method is for the LDC to provide evidence that the supplier of the biomethane engaged in a "swap" of the biomethane at the source, with natural gas being delivered to the LDC instead of the actual biomethane procured. The second method requires evidence that the biomethane was nominated to a pipeline but would not require evidence that the biomethane physically flowed to a LDC in Washington State. In both

[3]WAC 173-441-122(4)(b)(xii)
[4] CARB Document: https://www.arb.ca.gov/cc/reporting/ghg-rep/guidance/biomass.pdf

methods, documentation detailing the volume and heat content of biomethane procured during the year would be the primary means of documenting the total amount of biomethane reported by the LDC. Allowing this type of flexibility for biomethane transportation allows for procurement of biomethane from a larger geographic area outside of Washington State and a much larger pool of available sources for biomethane. Including this flexibility provides support for the development and deployment of biomethane projects and helps accelerate the process of decarbonization of the entire natural gas delivery system.

Comments on Section 173-441-124, Calculation Methods for Electric Power Entities

Avista is a signatory to the joint utility comments filed under separate cover, pertaining to electric power entities.

Avista appreciates the opportunity to comment on this proposed rule and we look forward to participating in further discussions on these topics. Please direct any questions regarding these comments to me at 509-495-4738 or kevin.booth@avistacorp.com.

Sincerely,

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