Bonneville Power Administration

Comments of Bonneville Power Administration on Washington Department of Ecology's Proposed Amendments to WAC 173-441 WAC (Reporting of Emissions of Greenhouse Gases)

Department of Energy

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Washington Department of Ecology
300 Desmond Drive SE
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Re: Proposed Amendments to WAC 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) proposed amendments to WAC 173-441 regarding the reporting of greenhouse gases (GHG). BPA provides low-carbon firm power to 63 consumer-owned utilities in Washington, and sells power to other public utilities and investor-owned utilities in Washington as well. BPA has a long history of reporting 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 sales into California. These proposed amendments to the state's GHG reporting rules will have implications for BPA and its Washington customers' compliance with Washington's newly enacted Climate Commitment Act (CCA).

BPA is commenting on a number of areas of the proposed amendments that BPA believes need to be corrected in order to ensure accurate and efficient reporting and verification of GHG emissions and enable BPA's customers to claim the low-carbon attributes of the federal system. These include the need for 1) specificity of how utilities can report metered sales (not e-tags) for reporting and claims on ACS power from BPA's power sales, 2) revisiting how imports from the Energy Imbalance Market (EIM) into Washington are reported and deferring defining the EIM importer until the issue can be thoroughly discussed with stakeholders and the California Independent System Operator (CAISO), 3) aligning the unspecified emissions factor to be the same as the California Air Resource Board's (CARB) unspecified emissions factor, 4-5) adjustments to verification and reporting protocols, 6) removing reporting for power wheeled through Washington, and 7) other technical corrections.

1. The rules need to explicitly recognize that utilities can report and claim ACS purchases based on metered sales data (rather than e-tags) for BPA sales to Washington consumer-owned utilities.

The proposed language is centered on reporting electricity imports based on e-tags, however, not all of BPA's sales to its customers in Washington have e-tags. This is because e-tags are typically created when power moves from one Balancing Authority to another. Thus, when BPA sells power to customers within its Balancing Authority, there are often no e-tags associated with the transaction. Instead, load is served by federal generation on automatic generation control, which automatically responds to demand. Reporting total purchases/sales using metered load data provides an accurate and efficient way to report power purchases from BPA. In such cases, *annual* metered sales should suffice for reporting, because BPA sells from a system of resources and intends to be an ACS in Washington with a single emissions factor that is applicable to all specified ACS sales over the entire reporting year.

Accordingly, BPA requests that Ecology explicitly acknowledge in the proposed amendments that annual metered sales data suffice for reporting. BPA reiterates its suggestion from its August 1, 2021 comments on the draft rules that Ecology include a new subsection with the following language as WAC 173-441-124(3)(a)(iii):

> *(iii) Delivered Electricity sold by BPA to a public body or cooperative customer pursuant to section 5(b) of the Pacific Northwest electric power planning and conservation act of 1980, P.L. 96-501. The electric power entity may report total annual sales in MWh made by BPA to the public body or cooperative customer.*

The reference to the federal statute in the language above is BPA's technical recommendation to identify that metered data would meet Ecology's GHG reporting requirements where BPA is meeting utility loads with firm power (preference) sales to consumer-owned utilities in Washington, as directed by federal statute. Conversely, e-tags would be reported for GHG reporting purposes for any BPA surplus power sales to electric utilities or others in Washington and for sales to investor-owned utilities.

BPA further requests that Ecology edit WAC 173-441-124(3)(vi) to acknowledge that a utility may make a claim on ACS power if it is a sale made by BPA to a customer under BPA's long-term power sales agreements. As that section currently reads, claims of ACS power must be identified on the e-tag as the PSE immediately following the generation owner. There is no alternative way to claim ACS power if there are no e-tags, suggesting that BPA sales to its customers could be treated as unspecified power and assigned the default emissions factor rather than BPA's ACS emissions factor. Accordingly, BPA asks Ecology to edit WAC 173-441-124(3)(vi) to read:

(E) Claiming ~~Tagging~~ ACS power. To claim power from an asset-controlling supplier:~~,~~ (1) the asset-controlling supplier must be identified on the physical path of the e-tag as the PSE at the first point of receipt, or in the case of asset-controlling suppliers that are exclusive marketers, as the PSE immediately following the associated generation owner~~.~~; or (2) for power sold by a federal power marketing administration to a public body or cooperative customer pursuant to section 5(b) of the Pacific Northwest electric power planning and conservation act of 1980, P.L. 96-501, the long-term power sales agreement between BPA and the customer accompanied by the reported total annual sales in MWh made by BPA to the customer is sufficient to claim ACS power.

These edits would provide accurate reporting to Ecology on the GHG emissions associated with BPA sales in Washington while eliminating future confusion over reporting and also ensuring BPA's customers are able to claim the low-carbon attributes of the federal power system.

2. The rules need to defer determining treatment of EIM imports until a later time.

BPA appreciates Ecology revising the EIM language from the originally proposed draft language and attempting to propose a solution for reporting for the EIM that can be implemented today. However, BPA finds the currently proposed language around who the "electricity importer" is to be confusing and problematic. The language as proposed defines the covered entity under the CCA for EIM imports, rather than just indicating reporting requirements. Any rules relating to compliance under the CCA need to be deferred to a separate, later rulemaking where adequate time can be allotted to stakeholder discussions, particularly with the EIM entities, and in consultation with the CAISO.

BPA believes Ecology's proposed language identifies who the covered entity is under the CCA without clearly identifying a single entity that is responsible for compliance under the CCA. The CCA defines the "electricity importer" as the covered entity for imported electricity into the state. For the EIM, the CCA leaves the electricity importer to be defined in rulemaking. This proposed amendment then defines the "electricity importer" for the EIM as the "EIM purchaser." Without further clarification, this seemingly identifies that the "EIM Purchaser" is the covered entity under the CCA. The definition of "EIM purchaser" then refers to a number of entities that directly or indirectly purchase energy in the EIM: electric distribution utilities and electric power entities (EPEs), which are importers and exporters, retail providers, and first jurisdictional deliverers. The "EIM purchaser" definition does not identify a single, distinct entity that would appropriately be responsible for GHG emissions associated with EIM imports into Washington under the CCA. BPA suggests

Ecology delete the EIM electricity importer and EIM purchaser language and include placeholder language deferring specifics on EIM reporting until the issue can be addressed in an EIM-specific rulemaking for these GHG reporting rules.

BPA supports the recommendation made by the Joint Utilities in their November 16 comments to Ecology regarding the value of holding a technical workshop to thoughtfully develop an interim solution for estimating emissions associated with EIM imports (see joint comment of Avista, PacifiCorp, the Public Generating Pool, Puget Sound Energy, Seattle City Light, and Tacoma Power). BPA also believes there is sufficient existing data available to enable Ecology to obtain a reasonable estimate of EIM imports today. The specifics of this data collection and any implications for CCA program requirements should be deferred until after this workshop.

While more applicable to the program rules for the CCA, BPA believes a sensible interim solution for accounting for GHG emissions associated with EIM imports would be for Ecology to administratively retire allowances to cover these emissions if it cannot defer compliance under the CCA until a permanent solution can be determined. BPA understands that emissions attributable to the EIM are a small portion of electricity sector emissions. BPA will be joining the EIM in March 2022 and expects EIM purchases to represent a very small portion of its supply mix, less than five percent. BPA does support calculating GHG emissions for EIM imports based on the default emissions factor as an interim solution (assuming it is the same as CARB's - 0.428 MT CO_2e per MWh – as discussed in the next section below).

3. The unspecified emissions factor should be the same as CARB at 0.428 MT CO_2e per MWh.

BPA requests Ecology adopt 0.428 MT CO_2e per MWh as the default emissions factor for unspecified purchases for GHG reporting. This aligns the emissions factor with CARB's unspecified emissions factor, providing consistency across jurisdictions should the programs link. Oregon also uses this same emissions factor in its GHG reporting program.

BPA understands that the emissions factor established in WAC 173-444-040 (4) was derived from CARB's default emissions factor with transmission losses embedded into the calculation. However, BPA does not believe the CARB default emissions factor and the WAC 173-444-040 emissions factor are consistent.

Embedding the transmission losses into the GHG reporting emissions factor does not allow for consistent calculation of emissions across jurisdictions and increases workload and creates confusion for utilities that participate in markets across the West, like BPA. It is not

appropriate to embed the transmission losses into the unspecified emissions factor because wholesale electricity purchases are often measured at the gross level with transmission line losses already included in the gross count of MWhs. Thus, in these circumstances, to report using an emissions factor with line losses embedded into it would result in double-counting for transmission line losses and related emissions. Using the same unspecified emissions factor as CARB's 0.428 MT CO_2e per MWh will make reporting more efficient and provide for more consistent accounting of GHG emissions across western states.

4. Verification requirements for meter generation data for EPEs should be the same as CARB's reporting requirements.

BPA requests that Ecology add language to section WAC 173-441-085 (4)(a)(iv)(E) that is specific to EPEs and mirrors CARB's meter data requirements. The language in WAC 173-441-085 (4)(a)(iv)(E) as currently proposed implies that verifiers would individually check every meter for accuracy. This would be time consuming and costly without adding additional value. For BPA, hundreds of meters would need to be individually checked at load and generators across the Pacific Northwest. For EPEs, these meters are revenue quality (used for billing purposes) and they measure electrical generation (not emissions) and load. CARB's language is a reasonable approach for meter data verification for EPEs. BPA understands that per CARB's approach, verifiers can always request supporting documentation if they are not reasonably assured of meter accuracy.

Accordingly, BPA recommends adding the following language to WAC 173-441-085 (4)(a)(iv)(E) (verbatim from CARB's Mandatory Reporting Requirements (MRR) § 95111(b)(2)(E)):

> *Meter Data Requirement. For verification purposes, electric power entities shall retain meter generation data to document that the power claimed by the reporting entity was generated by the facility or unit at the time the power was directly delivered.*

5. The timeframe for reporting revisions to reported GHG emissions data should be changed so it is not overly burdensome.

First, BPA appreciates Ecology's willingness to work with EPEs to allow for "best available" data to be reported by March 31st with a final submission due by June 1. BPA notes that the "best available" data it will be able to provide by March 31 will be preliminary, draft data that should not be used for any calculation of GHG emissions. BPA is unable to to provide quality data prior to June 1, which is also the deadline for reporting in California and Oregon.

BPA requests Ecology change the sections requiring reporting revisions within 45 days of discovering an error to reflect these new timelines for EPEs and avoid overly burdensome requirements with little to no added value. Specifically, BPA asks that Ecology 1) clarify that revisions only need to be reported once the *final* report is submitted and 2) not require revisions until after verification is complete, at least for EPEs. To the second point, requiring revisions to be reported between the final submission on June 1 and the verification deadline on August 10 is onerous with no added value. The verification report will capture all discovery of errors after the final report. Accordingly, BPA suggests Ecology adjust the following sections:

> WAC 173-441-050 (7)(a). Annual GHG report revisions.
> *A person must submit a revised annual GHG report within forty-five calendar days of discovering that an annual final GHG report that the person previously submitted contains one or more substantive errors. The revised report must correct all substantive errors.*
>
> WAC 173-441-085 (5)(d)
> *Any corrections to the annual final GHG report identified during the verification process must be submitted to ecology no later than 45 calendar days after discovery of the error or the verification report deadline in subsection (6)(a) of this section, whichever is sooner. For an EPE, any corrections to the final GHG report discovered during verification must be reported by the verification deadline. Any corrections to the annual GHG report or verification report discovered after the verification report deadline in subsection (6)(a) of this section must be submitted to ecology no later than 45 calendar days after discovery of the error.*

6. Eliminate reporting for power wheeled through Washington.

BPA recognizes that CARB requires EPEs to report power that is wheeled through California. However, Washington's situation is different as there is no Independent System Operator with boundaries that align with Washington's geographic border (as is the case in California with the CAISO) and therefore this is not a reasonable or meaningful requirement. BPA cannot identify any value that this data would provide to Washington as reporting this data is redundant to other data requirements for source and sinks. Other sections of Ecology's rules clearly direct the reporting of all electricity imports for consumption within Washington.

In addition, significant time, resources, and workload would be involved with BPA reporting on its wheels through Washington. BPA would need to review a large volume of data to identify potential power wheeled through the state, and ultimately make

assumptions about what power may or may not have been wheeled through because the geographic boundaries of BPA's balancing authority area, as well as those of other balancing authorities, do not align with state boundaries (unlike in California). The resulting reporting would be inaccurate and would increase compliance costs of reporting for BPA, which would be passed on to BPA's customers. For all of these reasons, BPA reiterates its previous comments that reporting for power wheeled through Washington should be eliminated. For all of the reasons described above, BPA is unlikely to voluntarily provide data on wheeled through power.

7. Other Technical Revisions Needed

a. Replace "Bonneville Power Administration" with "Asset Controlling Supplier" as an EPE source category.

The correct source category for EPEs in proposed WAC 173-441-124 (1)(a) should be an ACS, not BPA. BPA asks Ecology to make the following change:

WAC 173-441-124(1)

(a) Electric power entity source categories:
(i) Electricity importers and exporters, as defined in this section;
(ii) Retail providers, including multijurisdictional retail providers, as defined in this section;
(iii) Asset Controlling Suppliers ~~Bonneville Power Administration (BPA)~~.

b. Add the definition of an Asset Controlling Supplier (ACS) to provide clarity within the reporting rules.

The CCA defines an ACS as "*any entity that owns or operates interconnected electricity generating facilities or serves as an exclusive marketer for these facilities even though it does not own them, and has been designated by the department and received a department-published emissions factor for the wholesale electricity procured from its system. Electricity from an asset controlling supplier is considered a specified source of electricity."*

c. Edit the "Point of Receipt" definition to make it technically correct.

The "point of receipt" definition is technically incorrect and inconsistent with CARB's definition. CARB only refers to a "deliverer" not a "first jurisdictional deliverer" (FJD). The FJD under the CCA may not always be the electricity deliverer. For example, BPA has not determined whether it will be the FJD for the CCA for federal power sales. If

BPA is not the FJD, then the currently proposed definition will be incorrect. Ecology need only reference "deliverer" in this definition.

> *"Point of receipt" or "POR" means the point on an electricity transmission or distribution system where an electricity receiver receives electricity from a ~~first jurisdictional~~ deliverer. This point can be an interconnection with another system or a substation where the transmission provider's transmission and distribution systems are connected to another system.*

d. Delete language on federally owned hydro relevant only to the Western Area Power Administration (WAPA).

BPA appreciates Ecology staff removing from the draft rules language that is specific to WAPA and copied over from CARB's MRR, which will eliminate confusion in Washington's rules. BPA notes there is an additional section specific to WAPA that BPA did not notice in its August 1 comments. To reiterate those August 1 comments, BPA sells from a system, which includes the federal hydro generation projects but also other resources. BPA does not deliver from individual "specified" hydroelectric facilities, thus this language would not be applicable to BPA. BPA, to avoid future confusion, BPA asks Ecology to delete the language in 173-441-124(3)(g)(iv):

> *~~(A) Deliveries from existing federally owned hydroelectricity facilities by exclusive marketers. Electricity from specified federally owned hydroelectricity facility delivered by exclusive marketers;~~*

e. Clarify Electricity Importer Definitions that are out of context in the proposed amendments.

The proposed rules include language verbatim from the CCA on electricity importers. Under the CCA, importers are covered entities with a compliance obligation under the cap-and-invest program. That language is out of context in the reporting rules in two sections related to BPA. BPA asks Ecology to make the following minor modifications to appropriately reference compliance with the CCA, not with the reporting program.

> WAC 173-441-124 (2)(a)(v) and (vii)
> *(v) If the importer identified under (a)(i) of this subsection is a federal power marketing administration over which Washington state does not have jurisdiction, and the federal power marketing administration has not voluntarily elected to comply with the ~~program~~CCA, then the electricity importer is the next purchasing-selling entity in the physical path on the e-tag, or if no additional*

purchasing-selling entity over which Washington state has jurisdiction, then the electricity importer is the electric utility that operates the Washington state transmission or distribution system, or the generation balancing authority;
(vii) If the importer identified under (a)(vi) of this subsection has not voluntarily elected to ~~comply with the program~~ be a first jurisdictional deliverer in accordance with the CCA, then the electricity importer is the public body or cooperative customer or direct service industrial customer; or

Finally, BPA restates that as a federal entity its reporting under this program is voluntary. Accordingly, BPA reiterates its request in its August 1 comments and attached redlines that Ecology acknowledge in the reporting requirements that BPA's reporting as a federal entity is voluntary. While BPA intends to voluntarily report GHG emissions associated with its sales to Washington preference customers and as an Asset Controlling Supplier, BPA is not a mandatory reporter under the program.

BPA appreciates Ecology staff's efforts in working with BPA to help clarify and better understand these proposed amendments. BPA recognizes Ecology has a short timeline for getting these GHG reporting rules in place. However, if substantive edits are made to these proposed amendments, particularly in sections that implicate BPA sales into Washington, BPA would appreciate further opportunity to review and comment to ensure the final rules allow for efficient and reasonable reporting by BPA and its customers. Please feel free to contact me at 503.230.4358 or Liz Klumpp at 360.943.0157 if you have any questions on BPA's comments.

Thank you,

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