



Washington State Legislature

July 14, 2022

Luke Martland
Washington Department of Ecology
300 Desmond Dr. SE
Lacey, WA 98503

Dear Mr. Martland,

We write as a bipartisan delegation from the 19th and 24th legislative districts regarding the impacts of the Washington Climate Commitment Act (CCA) to the Grays Harbor Energy Center (GHEC) located in Elma, Washington. GHEC is located in the 19th district and provides well-paying jobs across the western part of the state in an economically distressed area including the 24th district, employing eight veterans and 18 union members.

GHEC is the newest natural gas facility in Washington, completed in 2008, and installed advanced gas path technology in 2021 to further improve its efficiency. GHEC is among the least carbon-emissions intensive natural gas facilities in Washington as measured by emissions per megawatt hour of energy produced. GHEC is also unique compared to other natural gas facilities in the state as it is independently owned. The CCA allocates no-cost allowances to utilities for compliance with the CCA, but because GHEC is independently owned, it is not eligible to receive no-cost allowances directly under the CCA.

This unequal treatment will have a significant financial impact to GHEC and will cause the plant to reduce its output while less clean facilities like utility-owned peaking natural gas facilities, which emit roughly 35 percent more carbon per unit of energy produced than GHEC, will increase output to meet grid demand. If and when GHEC exports electricity across state lines, it will compete with out-of-state facilities that are not subject to Washington's CCA, putting some of the cleanest power in the region at a significant cost disadvantage against sources of energy with higher emissions. These in-state and out-of-state impacts are clearly at odds with the goals and intentions of the CCA and will result in not only additional carbon emissions, but also increased costs to ratepayers and put both the short and longer-term future of GHEC in jeopardy. This is a lose-lose-lose situation for Washington state, Washington ratepayers and the workers and communities that depend on the family wage jobs and local and state tax payments provided by GHEC.

In addition to the unequal treatment GHEC is subject to concerning no-cost allowances under the Washington CCA, there is also additional unequal treatment as part of GHEC's Greenhouse Gas Mitigation Plan. Under the plan, which has been in place since operations began, GHEC has made annual payments to purchase carbon offsets for the last 15 years totaling more than \$5 million, with eight of the ten projects funded located in the Pacific Northwest and seven located in Washington to deliver direct offset impacts in-state whenever possible. Many other older and less clean natural gas facilities in state whose owners receive no-cost allowances have not made any carbon offset payments because they began operations before the Carbon Dioxide Mitigation Program was established in 2004, which exempted natural gas facilities in operation before 2004 from its requirements. Under the proposed rule, however, GHEC receives zero credit for those offset purchases, yet another disadvantage GHEC is being subjected to under the proposed rule compared with other natural gas facilities.

We request that the Department of Ecology put all electric generating facilities on an equal playing field under the Washington CCA. The cleanest facility in the state should not be put at a competitive and financial disadvantage simply because it is not utility owned. GHEC is well positioned to provide critical grid reliability for the short and long-term as the state continues its energy transition. A level playing field will benefit Washington residents on their utility bills, in reduced carbon emissions and ensure the CCA is implemented as intended.

Sincerely,



Kevin Van De Wege
State Senator
24th Legislative District



Jeff Wilson
State Senator
19th Legislative District



Steve Tharinger
State Representative
24th Legislative District



Joel McEntire
State Representative
19th Legislative District



Mike Chapman
State Representative
24th Legislative District



Jim Walsh
State Representative
19th Legislative District