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Submitted via Web Portal

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RE: Second Informal Public Comment Period on Electricity Markets Rulemaking

Seattle City Light (City Light) appreciates this opportunity to comment on the WAC 173-441 and 173-446 draft language related to the Climate Commitment Act. We are supportive of the state of Washington's policies and programs designed to reduce greenhouse gas emissions, as well as the Department of Ecology's (Ecology) effort to develop methods to accurately account for emissions. As a participant in the Western Energy Imbalance Market (WEIM), this rulemaking will provide a critical framework for reporting on our current operations. Additionally, we are actively monitoring the development of the Day Ahead Market (DAM) options emerging in the West; these rules will be a crucial input for the development and implementation of these emerging markets. Below, we provide comments on several areas of the draft rules where we have suggested revisions or requests for clarification.

Designated Market Importer

In our comments submitted in August 2023, City Light noted that it would be important that these rules adopt new definitions of "imported electricity" and "electricity importer" that identify the first jurisdictional deliverer for specified source imports from organized markets into Washington as the entity that offers/bids the resource into that market. The draft rules introduce a new definition, "Designated Market Importer", intended to serve this purpose. While we appreciate Ecology's effort to resolve the issue and its responsiveness to stakeholder needs, we believe the proposed approach is not a workable solution. Specifically, the definition is problematic because it does not clearly indicate the terms under which a market participant would be determined to be the electricity importer, and it seems to also defer that determination to the market operator.

Instead of developing a new term for a designated market importer, the definition of Electricity Importer should be revised to provide guidance to the market operator for who should be assigned the reporting and compliance obligations. The market operator's role is not to determine who is an importer, but to apply the guidance provided by Washington's rules. City Light supports WPTF's proposed rule language that would revise the definition of Electricity Importer and encourages Ecology to adopt the revised language.

Double Counting

Similar to the discussion above, we appreciate Ecology's effort to clarify language related to in-state resources being assigned as "imports" as a result of market transactions. Although language in WAC 173-446 seems to alleviate double counting associated with the resource generator, we are concerned that it does not seem to alleviate situations where two different entities might hold the obligation for the same resource. We recommend Ecology add language that would ensure that the resource generator holds the obligation in cases where, for energy generated in Washington, both the generator holds the compliance obligation *and* another entity holds a reporting obligation as a result of an organized market import.

Interim Approach for EIM Transactions

The draft language was updated to note that for the WEIM, retail providers will continue to be identified as the designated importer through 2025. City Light understands that CAISO will implement changes to the WEIM at the time of Extended Day Ahead Market (EDAM) go-live that will allow external entities to indicate on their bid that they are willing to be the electricity importer. However, at this time, it is anticipated that EDAM will not go live until spring 2026. Until that change is made, WEIM entities will continue to receive all EIM purchases as unspecified energy. In light of this issue, City Light requests that Ecology extend the interim approach for EIM transactions through 2026 to align with the first compliance period.

Further, it is important for Ecology to provide clarification to Electric Power Entities whether this interim approach is only a reporting obligation, or whether Ecology expects that it will be a reporting *and* compliance obligation. Until markets are live and there is a better methodology to adequately identify and assign resources to market imports in Washington, we recommend only assigning a reporting obligation to retail providers. This approach aligns with the spirit of the October 31, 2026 deadline identified in RCW 70A.65.080.

Iterative Approach to Rules

While the rules developed here will be an important first step to provide clarity to market participants of their reporting and compliance obligations and as a mechanism to support DAM development, due to the nascent status of the DAMs, it is likely that Ecology will need to revisit these rules. To the extent possible, the rules developed in this rulemaking should be durable, but as DAM options develop and go-live, and CCA reporting and compliance are drawn in additional detail through further practice, there will be needs and opportunities to update the rules accordingly. This rulemaking will not be able to solve for every future circumstance particularly since so much remains unknown about the potential DAMs. We encourage Ecology to remain open to future revision as needed to support market development and participation.

Market Emission Factors

In line with the discussion above about an iterative approach to developing rules, City Light agrees with the recommendation of PGP that Ecology should defer the calculation of market-specific unspecified pathway emissions factors and the imposition of a 1.0 MTCO₂e/MWh "penalty" emissions factor to a

future rulemaking. Such a discussion could be conducted via an electricity markets workgroup or advisory group, as recommended above, and should address issues such as market design vs. compliance obligation applications, temporal and/or locational attributes, and fixed vs. dynamic emissions factors.

Reporting Deadlines

Similar to recommendations made by the CAISO, we suggest moving the reporting timeline related to providing detailed electricity transactions from centralized electricity markets from February 1st to June 1st to reflect finalized settlement timelines. This will ensure for the most accurate attribution accounting.

Sincerely,

Siobhan Doherty
Power Management Director