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Submitted via Web Portal

ATTN: Joel Cresswell, PhD, & Luke Martland  
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RE: Fourth 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 rulemaking. 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, City Light provides brief, high-level comments in response to two items discussed at the January 24, 2024, workshop and included in the current draft rules. Additionally, City Light is a member of the Public Generating Pool (PGP) and supports its detailed comments submitted in this comment period.

We want to first express our appreciation to Ecology for its responsiveness to stakeholder comments asking for a narrowed scope for this rulemaking. City Light supports Ecology's exploration of leakage and is pleased that there will be additional time for the Department and stakeholders to examine these issues in greater detail. The information gained from additional discussions will better inform stakeholder input into Ecology's future rulemaking processes. We look forward to further engagement with Ecology, California Independent System Operator (CAISO), Southwest Power Pool (SPP), and other stakeholders on these issues in the future.

The narrowed scope of the current process serves to focus this rulemaking on issues that are exigent in the near term. City Light encourages Ecology to utilize the remaining process to ensure that the rules provide adequate clarity to facilitate WEIM participation, and implementation of the Extended Day Ahead Market (EDAM) and Markets+. As a current WEIM participant, it is of paramount importance to City Light that the rules developed in this process provide the specificity and guidance needed by CAISO to implement the resource-specific framework developed for the EDAM and WEIM. This framework will create the opportunity for resources outside of Washington to voluntarily choose to be

subject to the Washington regulations, allowing EPEs to receive specified imports from CAISO's organized markets.

In our review of the draft rules, City Light has identified two areas, discussed below, that would benefit from revision or additional guidance to ensure there is a common understanding of interpretation necessary to implement those changes.

First, the proposed language added to the definition of "specified source of electricity or specified source" states:

*"For electricity from a resource dispatched by a centralized electricity market, the reporting entity must indicate in the offer of the electricity to the market that the electricity is available to serve load in Washington. **Electricity reported as specified source must be contracted to a Washington retail provider or must be surplus electricity, as determined by a methodology approved by Ecology.**"*

The last sentence added to the definition, bolded above, appears to reflect some of the explicit and implicit elements developed for the Markets+ and WEIM/EDAM greenhouse gas frameworks. While there are similarities between these frameworks, there are enough differences that it is not immediately clear how the added language should be interpreted. Thus, City Light would appreciate additional discussion, to ensure there is a common understanding of the intent and applicability of the language to both markets.

Notably, Ecology's November 8, 2023, workshop highlighted that surplus energy is a key consideration for addressing leakage. Considering that connection, City Light suggests that Ecology consider whether the additional language in the "specified source" definition, as well as the entire "surplus electricity" definition, should be excluded from the rules at this time, to allow for their incorporation into the larger discussion and examination of leakage-related concepts. Alternatively, if Ecology opts to include this language in the current rulemaking, we ask that it provide guidance to help City Light and other stakeholders understand how this portion of the rules may impact us as a current WEIM participants and as potential participants in a DAM in the future.

Second, we request that Ecology provide additional information related to the "deemed market importer" portion of the rules. At the workshop on January 24, 2024, CAISO indicated that it perceives that there is still ambiguity in the draft rules around what type of entity is intended to fall under the "deemed market importer" definition. In that discussion, CAISO asked Ecology for additional specificity it will need to implement its greenhouse gas framework for WEIM/EDAM. As we have mentioned in prior comments, it is of the utmost importance that the rules provide adequate guidance to the market operators on how they should assign the reporting and compliance obligations. We ask that Ecology provide additional detail in this area of the rule or indicate that it will provide guidance outside the rules that will provide examples and other necessary information to inform the market operators.



In closing, City Light is appreciative of the work that Ecology and its staff has put into this rulemaking, and its continuing responsiveness to stakeholder input. Thank you for the opportunity to again provide comments on this matter. We look forward to future discussions on these important topics.

Sincerely,

Siobhan Doherty  
Power Management Director