

February 15, 2024

VIA On-line Submission

Attn: Gopika Patwa  
Rulemaking Lead  
Washington Department of Ecology  
P.O. Box 47600  
Olympia, WA 98504-7600

**Re: Powerex informal comments regarding Electricity Markets Rule (Chapters 173-441 and 173-446 WAC)**

Powerex Corp. appreciates the opportunity to provide these comments to the Washington Department of Ecology (“Ecology”) on electricity imports via organized electricity markets. Powerex is a supplier of electricity in bilateral and organized markets in the western region. A substantial portion of Powerex’s electricity is sourced in British Columbia—a Canadian Province with strong GHG policies and with predominantly hydropower resources. Powerex delivers electricity, including clean electricity that is surplus to its needs, into states that regulate GHGs, like California and Washington, and elsewhere across the western region. Powerex welcomes the opportunity to provide these comments to Ecology in response to updated draft language and reduced rulemaking scope.

**Need for Additional Rulemaking:**

Powerex believes it is necessary that Ecology address two critical topics that are now out of scope for the current rulemaking, i.e., (1) the compliance and reporting requirements for unspecified electricity from centralized markets, and (2) mitigation of emissions leakage.

First, Ecology should provide compliance and reporting guidance for markets that offer a pathway for unspecified electricity imports (i.e., SPP’s Markets+). This rulemaking should not be delayed, given that both larger markets (Markets+ and the CAISO’s EDAM) are expected to start in 2026.

Second, Ecology should commit to addressing the mitigation of emissions leakage in its reporting regulations. Addressing leakage is consistent with the legislative requirement that “...climate policies must be appropriately designed, in order to avoid leakage...” (RCW 70A.65.005). While Powerex understands Ecology’s decision to delay addressing leakage, specified source reporting rules and leakage monitoring are essentially “two sides of the same coin”. Leakage monitoring is key to ensuring specified reporting rules do not give rise to unintended consequences.

Previous Powerex comments<sup>1</sup> highlight why data transparency is critical for effective leakage monitoring. Ecology is urged to offer clarity on several key topics at a higher level so that Ecology’s positions can guide the market design choices in each organized markets’ respective stakeholder process.

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<sup>1</sup> [WA Dept. of Ecology Electricity Markets Rules \(Chapters 173-441 and 173-446 WAC\) Comments #3.pdf \(powerex.com\)](https://powerex.com/sites/default/files/2023-12/WA%20Dept.%20of%20Ecology%20Electricity%20Markets%20Rules%20%28Chapters%20173-441%20and%20173-446%20WAC%29%20Comments%20%233.pdf)  
<https://powerex.com/sites/default/files/2023-12/WA%20Dept.%20of%20Ecology%20Electricity%20Markets%20Rules%20%28Chapters%20173-441%20and%20173-446%20WAC%29%20Comments%20%233.pdf>

Powerex remains supportive of Ecology's previously suggested methodology for determining the centralized market unspecified pathway emissions factor (proposed in WAC 173-441-124 (3)(b)(vi) in prior drafts of regulation). When Ecology conducts a future rulemaking addressing unspecified source imports, this transparent approach will be important for assessing leakage through each of the organized markets serving Washington State. As described in previous Powerex and WPTF comments, Ecology could instead request that market operators calculate and publish hourly residual emission factors based on a standard methodology provided by Ecology.

## Clarification of Verification Requirement for Specified Resources:

Powerex supports WPTF's edits for the new proposed language of WAC 173-441-124 (3)(g)(iii) that clarify the additional information, including that from the market operator, that is required to support claims of specified sources of electricity:

Additional information for market participants of centralized electricity markets deemed market importers for claims of specified sources of electricity. To receive a positive verification statement upon verification for claims of specified imports from a centralized electricity market the electric power entity must be able to demonstrate proof to ecology's satisfaction that the market operator designated, assigned, deemed, or otherwise attributed that energy from those resources to Washington. Proof of such attribution may be demonstrated upon request through the provision of by settlement records and or other information such as that from provided by the market operator to the market participant showing that energy offered listing all market participants that were assigned the role of deemed market importer by the market operator was attributed to Washington. This provision of records and other information must be submitted to ecology in a manner designated by ecology by May 1 for electricity transactions involving centralized electricity markets in the previous calendar year.

Powerex appreciates the opportunity to provide these comments and looks forward to continuing to work with Ecology as it develops electricity market rules.

Sincerely,

Shelby Kitt  
Market Policy Analyst  
Powerex