



August 20, 2024

Submitted via Web Portal

ATTN: Gopika Patwa
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Climate Pollution Reduction Program
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RE: PSE comments on Ecology Electricity Markets Rulemaking draft rules in Chapters 173-441 and 173-446 of the Washington Administrative Code

PSE offers the following comments in response to Ecology’s June 27, 2024 proposed rules in its electricity markets rulemaking. PSE is an investor-owned utility in Washington State providing electric service to more than one million customers and natural gas service to more than 900,000 customers in the state. PSE is supportive of Ecology’s draft rules and appreciates the opportunity to comment in this rulemaking. Along with its support, PSE requests Ecology consider a few amendments to the Chapter 173-441 WAC GHG Reporting Rule to address centralized electricity markets (CEM) imports from a Federal Power Marketing Administration that has not elected to be a First Jurisdictional Deliverer under the program and other minor edits for clarification or consistency. PSE also asks Ecology to develop and provide guidance to reporting entities ahead of the June 1 deadline regarding electricity imports, deliveries at the Mid-Columbia hub, and treatment of emergency energy transfers. With respect to “netting” of unspecified imports and electricity “wheeled” through the state, PSE agrees with the suggestion of the Western Power Trading Forum (WPTF) to carry those provisions forward from Ecology’s linkage rulemaking into this rulemaking for consistency with the statutory provisions in place as a result of SB 6058. This change will also provide clarity for upcoming annual GHG reporting. PSE also supports WPTF’s request for Ecology to initiate Phase 2 of this rulemaking and to address unspecified imports immediately after the conclusion of Phase 1.

Backstop importer for federal power marketing administration deliveries into a CEM

Ecology’s rules, as drafted, do not identify an electricity importer for the condition in which a federal power marketing administration has not voluntarily elected to comply with Chapter 173-441 but is a participant offering electricity in a centralized electricity market. PSE supports inclusion of language identifying the importer as the Washington retail provider who has

contracted for the electricity, or the Washington retail provider who receives an attribution of surplus specified source electricity from the federal power marketing administration.

Direct Delivery of Electricity

PSE supports Ecology's inclusion of deliveries into a centralized electricity market as "direct deliveries of electricity", and recommends one modification to clarify such deliveries. Market participants in a CEM can use transmission on their own transmission provider's system or third-party transmission on a transmission provider's system for which that transmission provider participates in a different CEM or no CEM at all. The effect of this provision should be to reflect the ability to directly deliver generation that is interconnected to a transmission provider's system to the CEM. As such, PSE recommends the following modification to the definition of Direct Delivery of electricity in WAC 173-441-124 (2)(c):

"Direct delivery of electricity" means electricity that meets any of the following criteria: The facility has a first point of interconnection at a Washington scheduling point or within a balancing authority area located entirely in Washington; The electricity is scheduled for delivery from the specified source to a Washington scheduling point or a balancing authority area located entirely in Washington via a continuous physical trans-mission path from interconnection of the facility in the balancing authority in which the facility is located to the Washington scheduling point or balancing authority area located entirely in Washington; or there is an agreement to dynamically transfer electricity from the facility to a Washington scheduling point or balancing authority area located entirely in Washington; or the facility has a first point of interconnection on a transmission system with participating transmission rights within a centralized electricity market and electricity from that facility is attributed to Washington by the centralized electricity market.

Ecology guidance needed

PSE agrees with other stakeholders that further guidance is needed from Ecology outside this rulemaking to address the reporting of electricity imports by electric power entities. Specifically, reporters will need clarity on how to identify transactions that are wheeled through the state and do not incur a compliance obligation.

Ecology also excludes in its rules imports in a centralized electricity market by a market operator to obtain or provide emergency assistance in WAC 174-441-124 (2) (q). PSE supports this addition to support the reliability of the market footprint and the load-serving entities within the footprint. Electric power entities may benefit from additional guidance or consultation with Ecology on the criteria for identifying these reliability imports.

"Imported electricity" includes electricity transferred into or attributed to Washington by a centralized electricity market but does not include electricity imported into Washington by a market operator to obtain or provide emergency assistance under applicable emergency preparedness and operations reliability

standards of the North American Electric Reliability Corporation or Western Electricity Coordinating Council.

Parallel construction in definition for EDAM and Markets+

PSE suggests the following minor edit to align the definitions of the California Independent System Operator's Extended Day-Ahead Market (EDAM) and the Southwest Power Pool's Markets+ in WAC 173-441-124 (2) (k) and (v). Ecology defines EDAM as:

"Extended day ahead market" means the extended day ahead market operated by the California Independent System Operator.

PSE recommends the following parallel construction for Markets+:

"Markets plus" or "Markets+" means the Markets+ centralized day ahead electricity market ~~designed by~~ operated by the Southwest Power Pool.

This definition also more accurately reflects the Markets+ market which was designed by the Markets+ stakeholders and will be operated by the Southwest Power Pool.

Conclusion

PSE supports Ecology's proposed rules and appreciates the opportunity to comment on this rulemaking. We look forward to additional collaboration with Ecology on the treatment of unspecified imports in a subsequent rulemaking.

Sincerely,

/s/ Wendy Gerlitz

Wendy Gerlitz

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