

August 20, 2024

VIA ELECTRONIC FILING

Washington Department of Ecology
Attn: Gopika Patwa
Department of Ecology
Climate Pollution Reduction Program
PO BOX 47600
Olympia, WA 98504-7600

Re: PacifiCorp’s Comments on Draft Rules to Address Electricity Imports via Centralized Electricity Markets under the Climate Commitment Act

PacifiCorp d/b/a Pacific Power (PacifiCorp or Company) respectfully submits these comments in response to Washington Department of Ecology’s (Ecology) June 28, 2024, WAC 173-441 and 173-446 draft rule changes that address how electricity imported from centralized markets can comply with Washington’s Cap-and-Invest Program under the Climate Commitment Act.

I. Overview

As background, PacifiCorp serves approximately 2 million customers in six western states (California, Idaho, Oregon, Utah, Washington, and Wyoming). The Company also operates two balancing authority areas (BAA), PacifiCorp East (PACE) and PacifiCorp West (PACW). PacifiCorp also serves load to Washington retail customers as a multi-jurisdictional retail provider (MJRP) under the Climate Commitment Act’s regulations, with unique greenhouse gas reporting provisions in Washington reflecting its service of retail load in multiple states. PacifiCorp has both emitting and non-emitting generation resources inside and outside of Washington; is a current participant in the Energy Imbalance Market (EIM); and has declared its intent to join the Extended Day Ahead Market (EDAM).

The comments below reflect PacifiCorp’s anticipated treatment in EDAM and EIM only and does not contemplate participation in other centralized markets under development.

The Company generally supports the direction Ecology has taken throughout this rulemaking, and thanks Ecology for addressing concerns noted by stakeholders in earlier rulemaking stages.

Below, the Company re-articulates specific positions it has previously supported¹, outlines its projected path to reporting under the rules, and offers minor recommendations for improvement.

II. PacifiCorp supports changes to the proposed rules that preserve current multijurisdictional retail provider reporting

¹ [Joint comments](#) from Avista, Pacific Power, Public Generating Pool, Puget Sound Energy and Washington Public Utility Districts Association (Feb. 14, 2024).

Previously, PacifiCorp submitted comments that request Ecology adopt consistent treatment for PacifiCorp between bilateral and centralized markets (effects of which preserve the “outside Washington” designation of multi-state BAAs), and summarized its recommended reporting.² This reporting path reinforces existing MJRP accounting practices—which is necessary to preserve accurate emissions accounting for the state.

PacifiCorp supports the rule language changes put forth by Ecology that accommodate PacifiCorp’s unique treatment, and the Company highlights the following principles that align with PacifiCorp’s existing reporting obligations from EIM and EDAM imports.

a. Changes to specified imports that incorporate assignment of resources to load

PacifiCorp supports Ecology’s change that specified imports include resources “contracted to load.” In PacifiCorp’s current reporting regulations,³ the Company assigns specific MWh to its Washington obligation, consistent with what its Washington retail customers pay for as approved by the Utilities and Transportation Commission. These resources are incorporated consistent with regulatory requirements governing its Integrated Resource Planning processes, and Clean Energy Transformation Act compliance path, among other requirements. Effectively, this assignment of resources to retail load functions in PacifiCorp’s reporting *already* as a “specified import,” and this assignment-to-load reflects the Company’s clean energy requirements under utility regulation. Ecology’s proposed rule aligns with this practice.

b. Change to definition of specified import that incorporates organized markets surplus; Ecology’s role in identification of surplus; procedural approach

“Surplus” electricity from an organized market is the other source of specified imports that Ecology has included in its revised definition.⁴ In its current GHG reporting, PacifiCorp assigns a load share of its system’s organized markets transactions to its Washington retail load. Currently it applies the fixed 0.437 MT CO₂e/MWh emissions factor to unspecified transactions and assumes the associated emissions obligation. This approach is consistent with what PacifiCorp termed in previous comments as a “mechanism to identify the amount incremental to imports for PacifiCorp retail load and wholesale sales.”⁵ The Western Power Trading Forum will propose a change to the rule definition of “surplus electricity” that clarifies that “surplus electricity” also includes excess electricity once the regulatory mandates, or assignment of resources to load in a given state, have been met. PacifiCorp supports this addition as it reinforces PacifiCorp’s treatment; though regardless of the addition, PacifiCorp will continue to report organized market imports as those in excess of assignment of its resources to load.

PacifiCorp thanks Ecology for adopting stakeholder feedback regarding the respective responsibilities of the market operator and the air regulator. It is the role of Ecology to define what

² [PacifiCorp Comments](#), p. 2-3 (Oct. 30, 2023).

³ WAC 173-441-124(2)(g)(iv)

⁴ Ecology Proposed Regulations WAC 173-441-124(2)(kk) at 23.

⁵ [PacifiCorp Comments](#), p. 3 (Oct. 30, 2023).

constitutes “surplus” and its emissions treatment, and the proposed regulations reflect that conclusion.

PacifiCorp also agrees that guidance to reporters around how to reflect “surplus,” should be developed through a stakeholder process, coordinated closely with the organized market operators. PacifiCorp further recommends that Ecology effectuate its decisions through guidance as opposed to rules. That guidance should clearly distinguish between the two organized markets that are expected.

PacifiCorp looks forward to participating with the California Independent System Operator (CAISO) and Ecology in the stakeholder process. Regardless of decisions made in this forum, PacifiCorp does not recommend any changes to CAISO’s EDAM market design prior to go-live.

III. Other items

a. Path to avoid double-obligation for electricity covered by unlinked cap-and-trade jurisdictions

While not a direct topic in this rulemaking, PacifiCorp continues to request certainty from both the California Air Resources Board (CARB) and Ecology regarding the treatment of resources that incur obligations in both Washington and California. It is broadly understood that in these cases, entities only need one required allowance to be procured among the two programs. In this specific case, PacifiCorp owns a natural gas generation facility located in Washington, that is also an EIM-participating resource.

In an October 5, 2023, workshop, CARB asked for feedback on a mechanism to address dual carbon obligations when electricity imports from unlinked cap and trade jurisdictions incur an obligation in the originating state. In comments to both CARB and Ecology, PacifiCorp asked each agency to exempt deemed specified imports from emitting resources located in other jurisdictions.⁶ Other stakeholders, including the joint California utilities and Western Power Trading Forum, requested similar treatment.⁷

PacifiCorp is indifferent to how dual obligations are addressed but understands that it is likely any approach will require rule changes in both states. Regardless of the approach, PacifiCorp asks that it be made clear that the exemption apply to the first compliance period as well as future compliance periods.

b. Emergency assistance exemption

PacifiCorp supports in principle exempting from obligation imports to Washington in periods of emergency assistance.⁸ PacifiCorp assumes an example would include periods in which participating entities have opted-in to the EIM Emergency Assistance Transfer Program.

⁶ October 26, 2023, [PacifiCorp comments](#) to California Air Resources Board, p. 3 (Oct. 26, 2023); [PacifiCorp Comments](#) to Washington Department of Ecology, p. 4 (Oct. 30, 2023).

⁷ Western Power Trading Forum [comments](#) to California Air Resources Board, p.6 (Oct. 26, 2023); [Joint Utilities Group comments](#) to California Air Resources Board, p. 7 (Oct. 26, 2023).

⁸ Ecology Proposed Regulations WAC 173-441-124(2)(q)(i) at 21.

Participating entities can see imports and exports during periods of program opt-in. In these cases, if PacifiCorp's BAAs were net importers, PacifiCorp intends to identify the Washington-allocated share of imports during these periods as such in its GHG reporting and assumes that Ecology will designate the emissions associated with these MWh as exempt from obligation. PacifiCorp will work with Ecology reporting staff to confirm this intended treatment.

However, the EIM Emergency Assistance Energy Transfer program does not break out emergency assistance by generator. It is not clear how a balancing authority would quantify electricity imported into Washington for emergency assistance on a generator-specific basis. Ecology should consider in reporting guidance how to address this issue; or whether it intends to exempt obligations from all imports during these periods altogether.

c. Additional change after elimination of two-step reporting language

PacifiCorp supports Ecology's proposal to eliminate the two-step submission for electric power entities.⁹ However, to be consistent with this elimination, Ecology should also change WAC 173-441-060(4), which requires a complete certificate of representation at least 60 days before the "initial emission report" and WAC 173-441-085(5)(e) and WAC 173-441-124(4)(j), which cover recordkeeping related to revisions made to the "initial" emission report or certification. PacifiCorp recommends Ecology removes "initial" in WAC 173-441-060(4) and WAC 173-441-085(5)(e) and delete WAC 173-441-124(4)(j) in its entirety.

PacifiCorp thanks Ecology for its efforts with the Climate Commitment Act to-date, and requests the agency consider the Company's comments above.

Sincerely,

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⁹ Ecology Proposed Regulations WAC 173-441-050(2)(i) at 3.