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TACOMA PUBLIC UTILITIES

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Washington State Department of Ecology  
Climate Pollution Reduction Program  
Gopika Patwa, Climate Commitment Act Electricity Markets Rulemaking Lead

Submitted via [web portal](#)

**Comments re: Climate Commitment Act Electricity Markets CR-102 Proposed Rules**

Dear Ms. Patwa:

Tacoma Power appreciates the opportunity to comment on the Washington State Department of Ecology's (Ecology) CR-102 proposed rules published on June 27, 2024, in advancement of its Climate Commitment Act (CCA) [electricity markets rulemaking](#).

In January, Ecology announced a revised scope of this rulemaking, splitting it into two phases. Phase one focuses on identifying importing entities and carbon compliance obligations associated with specified-source electricity imports from centralized electricity markets. Phase two considers unspecified market imports. Tacoma Power supports this approach. This bifurcation allows Ecology to implement the proposed phase one rules while allowing for deeper dialogue and coordination between Ecology and market formation efforts to address the complex subject of phase two. We encourage Ecology to manage the timeline of phase two such that the resulting rules are established with sufficient time for market go-live.

**Tacoma Power supports Ecology's proposed continuation of the interim approach to EIM imports**

The most important issue to Tacoma Power in this rulemaking is the treatment of imports brought about through participation in the California Independent System Operator's (CAISO) Energy Imbalance Market (EIM). We strongly support Ecology's decision to continue its current approach, and we agree with the observations made by Ecology staff on this topic in the public hearings held on August 6 and August 8, 2024. It is appropriate that the interim treatment of EIM imports continue until the market operator implements a specified-source import pathway for Washington EIM participants. Had this rulemaking discontinued the interim treatment of imports, it likely would have greatly limited our ability to participate in the EIM, negatively impacting Tacoma Power's customers.

**Finalized rules should address the possibility that BPA joins an organized market but does not voluntarily comply with the CCA**

Ecology's current rules build a sufficient framework for understanding how obligations are assigned for imports from the bilateral wholesale market, and the proposed rules describe two options for BPA to voluntarily comply with the CCA. However, Tacoma Power agrees with observations made by the Public Generating Pool (PGP) and others that Ecology's finalized rules should describe how carbon compliance obligations will be assigned in the event that the Bonneville Power Administration (BPA) joins a centralized electricity market and chooses not to voluntarily comply with the CCA.

The proposed rules do not seem to contemplate the possibility that BPA could be a deemed market importer as defined in the rules but may choose not to opt into CCA compliance. In this circumstance, the rules should clearly identify the electric power entity (EPE) inheriting the carbon compliance obligations that would have been assigned to BPA. The finalized rules should also permit the inheriting EPE to claim the appropriate specified source emissions rate as verified through the market operator, so long as such a claim is also established by contract or through market design. Tacoma Power has collaborated with BPA and other stakeholders to draft limited revisions to the CR-102 proposed rules that would address this possibility.

**Questions, comments and suggested revisions to CR-102 proposed rules**

Below, Tacoma Power offers feedback related to specific passages of the proposed rules in Chapters 173-441 and 173-446 WAC, asking clarifying questions and, where appropriate, proposing revisions to Ecology's CR-102 proposed rule language where appropriate. Our feedback is organized in alignment with the order of the CR-102 proposed rules.

WAC 173-441-124(2) Definitions specific to electric power entities.

*WAC 173-441-124(2)(b) deemed market importer:*

- The proposed rules use the term "resource" to describe the generating facility that is being attributed to Washington by the market operator. Tacoma Power recommends that the definition be amended slightly to read as follows: "(b) 'Deemed market importer' means a market participant that successfully offers electricity from a specified source resource into a centralized electricity market [...]." This small revision creates a stronger reference to the defined terms "specified source of electricity" or "specified source." Without this small revision, it may be unclear whether, for example, an asset controlling supplier fits under the term "resource" as used in the "deemed market importer" definition.
- The process and standard for Ecology approval of a market operator's deeming process is not described in rule. Without additional information regarding how Ecology would choose to approve or not approve a methodology, potential market operators are unable to determine whether their proposed approaches will meet Ecology's unstated standard. Tacoma Power requests that Ecology describe how it will provide this additional level of necessary detail to stakeholders.

*WAC 173-441-124(2)(c) direct delivery of electricity:* Tacoma Power requests clarification regarding the last criterion describing a “first point of interconnection within a centralized electricity market.” It is unclear whether the “first” component of this criterion might inadvertently exclude facilities that are made available through an organized market but are not necessarily located in a BAA or region that is within the market footprint. There may be instances where facilities exist geographically outside an organized market footprint, but nonetheless have been able to become market participants. We suggest that Ecology revise the last criterion with language to this effect: “[...] or the facility is fully integrated into and participating in a centralized electricity market in a manner that satisfies the market operator’s requirements for being available for attribution to Washington.”

*WAC 173-441-124(2)(f) electricity importer:* The CR-102 proposed rules do not identify what EPE incurs carbon compliance obligations in the event that BPA joins an organized market and would otherwise be identified as the deemed market importer for electricity attributed to Washington, but cannot be because BPA does not opt into CCA participation. We support the revisions addressing this issue proposed by PGP and echoed by the Western Power Trading Forum and BPA.

*WAC 173-441-124(2)(u) market participant:* Tacoma Power gathers that the “approved tariff” referenced in this definition is the tariff governing the organized market and submitted by the market operator to the Federal Energy Regulatory Commission. We understand that that this definition does not, for example, create a requirement that a market participant have an approved tariff.

*WAC 173-441-124(2)(v) “Markets plus” or “Markets+”:* We echo PGP’s recommended revision to this definition: “Markets plus or Markets+ means the Markets+ centralized **day-ahead** electricity market **designed operated** by the Southwest Power Pool.”

*WAC 173-441-124(2)(hh) “specified source of electricity” and (kk) “surplus electricity”:* The process and standard for Ecology approval of a methodology for identifying surplus electricity is not described. For example, what entity or what factors determine what a resource’s “existing obligations” are? Also, it is not immediately evident whether such a methodology may or must be developed by a market operator or a market participant. We recognize that this may be an intentional decision to allow flexibility.

### WAC 173-441-124(3) Data requirements and calculation methods.

*WAC 173-441-124(3)(a)(v)(A) EIM electricity imports:* Ecology has repeatedly affirmed that electricity imports from the EIM carry report-only obligations and will not be assigned carbon compliance obligations. We support and applaud Ecology’s decision to continue its current treatment of EIM imports. Tacoma Power suggests that the dates in rule be adjusted to reflect the rules’ expected implementation date, e.g., from “2023 through 2026” to “2025 through 2026.”

*WAC 173-441-124(3)(c)(iv) Retail providers must report net purchases from centralized electricity markets:* Further clarification will be needed regarding what purchases and sales are being netted to calculate this annual net purchases figure.

WAC 173-446-040(3) Allotment of covered emissions to avoid double counting or including emissions that occur outside the program.

*WAC 173-446-040(3)(e)(i) and removal of EIM-focused language in -040(3)(e)(iv):* In (3)e(i) the proposed rules state that the first jurisdictional deliverer – the entity allotted covered emissions obligations under this chapter – is the electricity importer as per chapter 173-441 WAC. WAC 173-441-124(3)(a)(v)(A) states that, during the interim 2023-2026 period, the EIM participant in Washington is the electricity importer for electricity imports brought about through the EIM. Together, and without further clarification in the rulemaking process or elsewhere, these passages of the proposed rules indicate that compliance obligations may exist during the interim period. Tacoma Power requests that Ecology offer additional support for its intended implementation of these rules to clarify that no compliance obligations are associated with EIM imports until the CAISO modifies EIM to offer a specified-source import pathway in alignment with the finalized phase one rules.

*WAC 173-446-040(3)(e)(ii) Carbon compliance obligations and federal power marketing administrations:* As discussed above re: WAC 173-441-124(2)(f), Tacoma Power recommends that this section of WAC also describe what happens to carbon compliance obligations if BPA is identified as a deemed market importer but has not elected to voluntarily comply with the CCA. Any changes in Chapter 173-441 WAC to address this gap should be reflected in Chapter 173-446 WAC as well.

**Conclusion**

Tacoma Power recognizes and commends Ecology staff for the incredible amount of time, effort and consideration invested in this effort thus far. We appreciate the opportunity to offer our perspective at this critical juncture.

Thank you,

Signed by:  
  
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Ray Johnson

08/19/2024

Deputy General Manager, Power Management  
Tacoma Power