



September 15, 2026

Mr. Casey Sixkiller
Director
Washington Department of Ecology
P.O. Box 47600
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Submitted via Ecology's web portal

Re: Comments on the environmental review documents and draft PSD permit for TransAlta's proposed coal-to-gas transition project

Director Sixkiller:

Washington Conservation Action (WCA), Sierra Club, NW Energy Coalition (NVEC), Climate Solutions, and Front and Centered (collectively, Commenters) submit the following comments in opposition to the Washington Department of Ecology's (Ecology) proposed Prevention of Significant Deterioration (PSD) Permit and State Environmental Policy Act (SEPA) Mitigated Determination of Nonsignificance (MDNS) for the TransAlta Centralia Plant coal-to-gas conversion.

As outlined below, the proposed TransAlta coal-to-gas conversion undermines the state's progress towards its clean energy goals. Moreover, it represents a complex and novel undertaking. By Ecology's own admission the project represents "one of the most complex permitting processes" that staff have encountered. It is therefore imperative that this project be given due consideration with the appropriate level of analysis. As presented, Ecology's methodology relies on inconsistent statements and proceeds as though the coal-to-gas conversion is a foregone conclusion. A project of this magnitude requires rigorous analysis, a complete Environmental Impact Statement (EIS), and process sufficient to protect Washingtonians from unnecessary air quality degradation, needless energy cost increases, and avoidable climate harm.

Commenters present the following recommendations. Ecology should:

- Produce an EIS as required under RCW 43.21C.030(2)(c), in light of the project's significant contribution to air pollution and greenhouse gas emissions, to assess effects on public health, the environment, and Washington's ability to meet statutory emission limits.
- Revise the 24-month baseline period in the baseline emissions analysis to reflect TransAlta's current non-operating status and not compare against the legacy coal-fired plant baseline, for both conventional air pollutants and greenhouse gas emissions.

- Reassess Best Available Control Technology using the appropriate baseline measurement.
- Revise the PSD permit to reflect planned operations and lower the permitted capacity factor to 25 percent.
- At a minimum, revisit greenhouse gas mitigation measures to account for the statewide impacts that a gas-fired plant would produce and provide meaningful opportunity to comment on the proposed clean energy grant program.
- Publish modeling files on projected regional Class 1 Area visibility impacts for public review. Permits must not be issued for the project until the public has a chance to review and provide informed comments based on the contents of these files. Furthermore, Ecology should consider appropriate emission controls and other actions to reduce projected regional haze impacts as a result of this project.

I. Ecology’s Proposal to Issue a PSD Permit Relies on a Flawed Analysis of the Project’s Air Quality Impacts

Ecology’s proposed PSD Permit states that the permit “only addresses VOC emissions because this is the only pollutant whose emissions increased above the PSD significance level.”¹ The basis for this conclusion—Ecology’s Draft Technical Support Document for the PSD Permit² and TransAlta’s PSD Permit Application³—ignore the current status of the Centralia facility, which is that the facility is prohibited from operating as a coal plant under state law.⁴ Before a PSD permit can be issued, Ecology should revise its assumptions to a baseline of zero emissions, as the coal plant is currently inoperable.

However, Ecology has evaluated the existing emissions from the plant during 2022–2023, when the plant was still operating as a coal plant. Using a baseline of prior coal operations fails to reflect the actual current operations of the plant, which is legally prohibited from operating, and therefore has zero emissions.

Additionally, TransAlta contracted with Tetra Tech, Inc. to complete modeling of projected regional Class 1 visibility impacts of the proposed project. This modeling also used the incorrect baseline described above and thus incorrectly projected visibility improvements for Class 1 areas compared to years when the coal plant was operating. Even so, Tetra Tech’s CALPUFF Class 1 Visibility Modeling Report predicts significant visibility impacts at Mount Rainier National Park and Goat Rocks Wilderness Area. However, the modeling files have not been published for public review. Permits must not be issued for the project until the public has a chance to review and provide informed comments based on the contents of these files.

¹ Ecology, *Draft TransAlta Prevention of Significant Deterioration Permit* (July 2026) at 2, available at: <https://fortress.wa.gov/ecy/ezshare/AQ/PSD/PDF/apps/TransAltaPSD20260731.pdf>.

² Ecology, *Draft Technical Support Document for Prevention of Significant Deterioration Permit No. 26-01* (July 2026) (hereinafter Technical Support Document), available at: <https://fortress.wa.gov/ecy/ezshare/AQ/PSD/PDF/apps/TransAltaTSD20260731.pdf>.

³ TransAlta, *Prevention of Significant Deterioration Permit Application* (Dec. 2025) (hereinafter PSD Permit Application), available at: <https://fortress.wa.gov/ecy/ezshare/AQ/PSD/PDF/apps/TransAltaPSDapp20251223.pdf>.

⁴ Although the Department of Energy has issued multiple orders that demand the Centralia Unit 2 “shall be made available for operation through December 11, 2026,” the Washington Attorney General has taken the position in ongoing litigation that this order is invalid. *See* Dep’t of Energy, Order No. 202-26-44 (Sept. 11, 2026) at 8, available at: <https://www.energy.gov/documents/doe-order-no-202-26-44>.

Based on the results presented in the report, TransAlta predicts exceedances of the visibility impairment threshold for each of the three modeled years at Mount Rainier National Park and one of the modeled years at Goat Rocks Wilderness Area. This was based on an assumption of continuous plant operations every day of the year, rather than at the levels requested in the permit application. In order to determine appropriate measures to address visibility impacts, Ecology should require modeling to predict the impacts based on the level of plant operations being permitted.

Based on this modeling, Ecology should investigate emission controls for nitrogen oxides (NO_x), particulate matter (PM), and any other relevant pollutants to reduce the number of projected visibility impairment days at Mount Rainier National Park and Goat Rocks Wilderness Area and include these requirements in the final permit. Without access to underlying modeling data, we are unable to make more detailed, quantitative comments on regional haze impacts and potential emission controls.

The TransAlta coal plant's contribution to regional haze is well documented and addressed in Washington's 2022 Regional Haze State Implementation Plan (SIP) covering 2018-2028. Elimination of all emissions from the plant by 2025 is listed as an important element of Washington's plan for progress on haze reduction in Class 1 Areas.

TransAlta already has an agreement to cease coal-fired power generation by December 31, 2025. **This will result in coal-related emissions from the facility going to zero. Ecology used the zero emission level in determining 2028 projected emissions and reasonable progress goals in Washington's Class 1 Areas,** as well as potential effects in Class 1 Areas of neighboring states.⁵

If the proposed gas plant project is completed, the zero-emission level will no longer be a reality, potentially necessitating the revision of other elements of Washington's SIP. Furthermore, this element of the existing SIP supports the assertion that the appropriate emissions baseline for the facility is zero. For these reasons, Ecology must make all modeling data publicly available and must consider appropriate emission controls and other actions to reduce projected regional haze impacts as a result of this project.

A. The Centralia Plant is Legally Required under Washington Law to Shut Down Operations as a Coal Plant

When operating as a coal-fired power plant, TransAlta was the last coal-fired plant in Washington state and was the state's largest single source of carbon dioxide and NO_x emissions. In recognition of Centralia's air emissions, Ecology proposed a settlement with TransAlta and an order purporting to require Centralia to employ "Best Available Retrofit Technology" (BART).⁶ In 2009, Ecology proposed and in 2010, issued a BART order requiring that Centralia install some pollution controls for NO_x and ammonia. The Sierra Club and other organizations filed

⁵ Ecology, *State Implementation Plan Revision, Second Regional Haze Plan (2018 – 2028)* (Jan. 2022) at 174 (emphasis added), available at: <https://apps.ecology.wa.gov/publications/documents/2202005.pdf>.

⁶ *Settlement Agreement Between State of Washington Department of Ecology and TransAlta Centralia Generation LLC of Air Quality Matters* (May 25, 2010), available at: <https://ecology.wa.gov/getattachment/166eadf6-b137-44e7-b970-ee637dec99a9/20100525TransAltaAgreement.pdf>.

comments, petitions, and lawsuits seeking to require Ecology and the U.S. Environmental Protection Agency to order Selective Catalytic Reduction technology at the Centralia plant.

Centralia opposed employing Selective Catalytic Reduction technology and in return agreed to shut down Unit 1 of the plant at the end of 2020 and Unit 2 by the end of 2025. The TransAlta Energy Transition Bill, SB 5769, signed by then-Governor Gregoire on April 29, 2011, codified a negotiated agreement to shut down the Centralia plant as a coal-fired resource.⁷ The bill amended a 2007 law that established a greenhouse gas emission performance standard for all baseload electric generation for which electric utilities enter into long-term financial commitments.⁸ The Energy Transition Act provides:

A coal-fired baseload electric generation facility in Washington that emitted more than one million tons of greenhouse gases in any calendar year prior to 2008 must comply with the lower of the following greenhouse gas emissions performance standard such that one generating boiler is in compliance by December 31, 2020, and any other generating boiler is in compliance by December 31, 2025.⁹

This means that TransAlta can no longer operate as a coal plant.

Against that statutory backdrop, TransAlta developed its alternative plans for the Centralia site. On December 9, 2025, TransAlta announced its agreement with Puget Sound Energy (PSE) to convert Centralia to a natural gas power plant.¹⁰ Under that agreement, TransAlta states that it will deliver 700 megawatts of power under a contract that runs through December 31, 2044—the legitimacy of those projections is examined below in Section II.B.

B. Because the Centralia Plant has Stopped Operations, as Required by Washington Law, the Correct Baseline for Ecology’s Air Impact Analysis is Non-Operation and Not the Continued Operation as a Coal Plant

Ecology acknowledges that TransAlta is an existing major source as defined in 40 C.F.R. 52.21(b)(1).¹¹ Under the PSD regulations, a project is considered a “major modification” if it is projected to result in both a significant emissions increase (Step 1 analysis) and a significant net emissions increase (Step 2 analysis).¹² In both steps of the analysis outlined in the PSD Technical Support Document, Ecology used the incorrect baseline for TransAlta’s emissions: operation as a coal plant.

⁷ S.B. 5769, 62nd Leg., Reg. Sess. (Wash. 2011).

⁸ RCW § 80.80.40(1).

⁹ *Id.* at § 80.80.040(3)(c)(i).

¹⁰ TransAlta, *TransAlta Signs Long-Term Agreement for 700 MW at Centralia Facility Enabling Coal to Natural Gas Conversion* (Dec. 9, 2025), available at: <https://transalta.com/newsroom/transalta-signs-long-term-agreement-for-700-mw-at-centralia-facility-enabling-coal-to-natural-gas-conversion>.

¹¹ Technical Support Document at 12.

¹² 40 C.F.R. § 52.21(i).

1. The 24-Month Period that TransAlta Provided to Ecology in its Application Materials are Not Representative of Normal Source Operations and Ecology Cannot Rely on it to Determine Significant Emissions Increase

Step 1 in Ecology’s analysis of TransAlta’s PSD permit application is to determine if the project is projected to result in significant emissions increase for any regulated PSD pollutant.¹³ “Significant” in this context means a net emissions increase or the potential of a source to emit pollutants identified in the PSD regulations.¹⁴ Significant emissions increase is estimated by calculating the difference between future projected actual emissions and baseline actual emissions. “Baseline actual emissions” for existing electric utility steam generating units is defined as:

[t]he average rate, in tons per year, at which the unit actually emitted the pollutant during any consecutive 24-month period selected by the owner or operator within the 5-year period immediately preceding when the owner or operator begins actual construction of the project. The Administrator shall allow the use of a different time period upon a determination that it is more representative of normal source operation.¹⁵

Under 40 C.F.R. 52.21(b)(48), Ecology “shall” use a 24-month period that accurately represents current, normal source operation—which in this case is zero for a plant that is legally prohibited from operating as a coal plant. By choosing a baseline period that reflects past coal operations—operations that are legally prohibited going forward—TransAlta has tipped the scales in its favor by cherry-picking data to make its coal-to-gas conversion appear to be a net positive for air quality. And based upon TransAlta’s inaccurate representation of current source operation, Ecology has determined that “[volatile organic compounds are] the only regulated pollutant that exceeds [significant emission rate] and is subject to this permitting action.”¹⁶

A different baseline is required to determine the actual environmental impacts that would result from TransAlta’s operations as a gas plant. If the zero-emission baseline was used, TransAlta’s emissions would become apparent and would demonstrate the net increase for all pollutants (each value on the third row would be the net increase for plant operations).

Table 3: Summary of Potential Emissions and SER Thresholds

New/Modified Emission Unit	PM (tpy)	PM ₁₀ (tpy)	PM _{2.5} (tpy)	NO _x (tpy)	CO (tpy)	VOC (tpy)	SO ₂ (tpy)	H ₂ SO ₄ (tpy)	Lead (tpy)	CO ₂ (tpy)
2022–2023 Baseline	304.15	262.81	236.48	3,680.34	4,251.78	0.28	1,211.54	3.07	0.015	4,677,602
CTG (100% NG)	133.06	133.06	133.06	2,131.97	2,907.23	70.93	13.92	0.21	0.009	2,269,524

¹³ Technical Support Document at 12.

¹⁴ 40 C.F.R. § 52.21(b)(23)(i).

¹⁵ *Id.* at § 52.21(b)(48).

¹⁶ Technical Support Document at 13.

2. Ecology's Analysis of Best Available Control Technology is Deficient Because it Relies on the Incorrect Assumptions Outlined Above

Ecology's Draft PSD Permit imposes two operating limits on the project. First, Unit 2 "must not combust more than 38,763,000 MMBtu of natural gas on a 12-month rolling total."¹⁷ Ecology also requires that "the auxiliary boiler must not operate for more than 1,300 hours on a 12-month rolling total."¹⁸

A modified source must employ Best Available Control Technology (BACT) for all pollutants not previously emitted or whose emissions would increase as a result of the new source or modification.¹⁹ Ecology's analysis includes, among other things, an evaluation of "the most effective control technology, considering energy, environmental, and economic impacts."²⁰ Here, Ecology's errors are compounded due to its reliance upon an improper baseline. However, even with this inaccurate baseline the BACT recommendation is dismal. Ecology identified three control technologies in its BACT analysis for Unit 2 to address Volatile Organic Compounds (VOCs): (1) good combustion practices, (2) following the manufacturer's recommendations for startup and shutdown, and (3) catalytic oxidation.²¹ Good combustion practices in this context translates to two work practice standards. First, "the owner or operator must install, maintain, and operate a continuous oxygen trim system that maintains an optimum air-to-fuel ration for Unit #2."²² Second, "the owner or operator must conduct annual tune-ups for Unit #2, the auxiliary boiler, and water bath heaters."²³ Ecology compared these "good combustion practices" against ranked catalytic oxidation. Ecology ranked catalytic oxidation first in efficacy, noting that its "emission control efficiency was 99%."²⁴ However, Ecology found that installation of an oxidation catalyst for VOC control is "cost prohibitive."²⁵

Ecology's decisions regarding BACT illustrate how the Department is proceeding as though the project is a foregone conclusion—twisting itself into knots with faulty analysis and conveniently relying on TransAlta's cost-effectiveness analysis to proceed with a project with dubious resource adequacy benefits. The BACT analysis again considered only VOCs because it used an improper baseline. Without a proper baseline emissions calculation, Ecology cannot adequately consider the environmental impacts that the proposed coal-to-gas conversion would have for VOCs and other air pollutants.

¹⁷ Ecology, *Draft Prevention of Significant Deterioration (PSD) Permit Draft*, (July 2026) at 4, available at: <https://fortress.wa.gov/ecy/ezshare/AQ/PSD/PDF/apps/TransAltaPSD20260731.pdf> (hereinafter Draft PSD Permit).

¹⁸ *Id.*

¹⁹ See 40 C.F.R. § 52.21(j); see also WAC 173-400-113(2).

²⁰ Technical Support Document at 15.

²¹ *Id.* at 15–16.

²² Draft PSD Permit at 4.

²³ *Id.*

²⁴ Technical Support Document at 16.

²⁵ *Id.*

II. TransAlta's Proposal Will Have a Significant Adverse Impact on the Environment and an Environmental Impact Statement is Required Under RCW 43.21C.030(2)(c)

Ecology's determination that TransAlta's coal-to-gas conversion "will not have a probable significant adverse impact on the environment" is both legally and factually deficient.²⁶ To the contrary, TransAlta's proposal to convert its facility to a gas-fired plant will have a "probable significant adverse environmental impact, even with mitigation measures." As such, a full EIS is required.²⁷

Again, the baseline for emissions should be zero, not TransAlta's prior coal operations. This is because under state law, TransAlta may no longer operate as a coal plant. It is contrary to state law for Ecology to use a baseline of prior coal operations for its SEPA analysis, when Washington law prevents the TransAlta plant from operating as a coal plant. Further, adding a new gas-fired power plant to the grid for the first time in decades is undoubtedly a significant environmental impact, because it would be one of the largest stationary sources of greenhouse gas (GHG) emissions in the state. By contrast, the Department rejected a permit for the proposed Kalama methanol facility on the basis of GHGs after performing two supplemental EISs. The TransAlta gas plant would emit approximately twice as much GHGs as that proposed project.

A. TransAlta's Coal to Gas Conversion Will Deteriorate Air Quality and Negatively Impact Public Health and the Environment and Ecology's Proposed Mitigation Measures are Inadequate

The GHG emissions associated with operating a gas-fired power plant are significant and require analysis under an EIS. The MDNS provides the "largest source of GHG emissions is expected to be from both the embodied and energy-related emissions from the operation of Unit 2."²⁸ Unit 2's operations at 59 percent operational capacity "combusting 100 percent natural gas would generate 2,079,020 metric tons annually of carbon dioxide equivalent (MTCO_{2e})."²⁹ Assuming a 20 percent operational capacity, "the estimated emissions would be 718,068 MTCO_{2e}. Based on an assumed Unit 2 life of 18 years, the estimated lifespan, maximum total emissions, including the embodied emissions, for the Project would be approximately 42,779,441, MTCO_{2e}."³⁰

Above, Commenters discuss the incorrect baseline in the PSD permit as an error that Ecology should remedy before proceeding with permitting or concluding its SEPA analysis. In a meeting with Commenters about the TransAlta project, Ecology maintained that the PSD Permit and the SEPA MDNS are distinct inquiries and that a baseline is relevant only in the PSD Permit analysis—it is not relevant to the SEPA analysis. However, Ecology has conflated these varying standards by relying on PSD baseline analysis in its MDNS justification. In the MDNS, Ecology states that "operational emissions are anticipated to be below the 2022-2023 baseline emissions

²⁶ Ecology, *State Environmental Policy Act Mitigated Determination of Nonsignificance* (July 31, 2026) at 2, available at: <https://apps.ecology.wa.gov/separ/Main/SEPA/Document/DocumentOpenHandler.ashx?DocumentId=223155> (hereinafter Final MDNS).

²⁷ WAC 197-11-350(2).

²⁸ Final MDNS at 3.

²⁹ *Id.*

³⁰ *Id.*

except for volatile organic chemicals (VOCs) and lead.”³¹ Unfortunately, by relying on the “2022-2023 baseline” in the SEPA analysis, Ecology has tainted the SEPA air quality analysis with the same defective rationale noted above—the correct baseline should be zero emissions, not emissions from a coal plant baseline.

The “mitigation measures” proposed to address these greenhouse gas emissions are twofold: (1) the facility’s coverage in Washington’s cap-and-invest program; and (2) a “community clean energy grant program”—neither of these mitigation measures are sufficient in terms of addressing the GHG emissions from the proposed project because they do not address the emissions from this particular facility.³² Ecology acknowledges that revenue from sales of allowances is invested by the state into projects to further reduce state-wide emissions to mitigate effects of climate change, but that “the program is not designed to directly or fully mitigate the environmental impact of [GHG] emissions from any individual facility or project.”³³

However, the Climate Commitment Act (CCA) requires the allocation of no-cost allowances to electric utilities “for the purpose of mitigating the cost burden of the program” on utility customers.³⁴ Since TransAlta has contracted with PSE for all of the electricity produced at the proposed plant, PSE will receive no-cost allowance from Ecology for the emissions associated with that electricity. To be clear, although electric utilities are covered under the CCA, the program is currently designed in such a way that there is no incentive for electric utilities to reduce emissions due to the true-up function that allows utilities to receive allowances for all of their actual emissions, not just forecasted emissions. The state will also forgo revenue for this allowance allocation, thus *reducing* total funding generated by the CCA to address statewide emissions and mitigate the effects of climate change. In other words, TransAlta’s proposed plant will significantly reduce the pot of funding available to invest in pollution-reducing projects in Washington.

The company estimates 2,058,877 MTCO_{2e} combustion-only direct emissions from the plant operating at the requested 59 percent capacity.³⁵ The most recent auction settlement price, for Ecology’s quarterly auction on September 2, 2026, was \$39.50.³⁶ At this price, Washington would forgo over \$81 million in CCA revenue each year because of no-cost allowances allocated for electricity from the plant. Using the draft MDNS-assumed Unit 2 life of 18 years, **the total amount of foregone CCA revenue to the state would be nearly \$1.5 billion over the life of the project—70 times the \$21 million TransAlta would contribute to the clean energy grant program over that same time period.**

Allowance prices will certainly change over time, and it is impossible to predict prices over the next 20 years. However, these numbers give a sense of scale of how much revenue this plant would remove from the state budget intended to reduce GHG emissions, as well as mitigate

³¹ Final MDNS at 3.

³² *Id.* at 4.

³³ *Id.* at 3–4.

³⁴ WAC 173-446-230.

³⁵ TransAlta, *SEPA Checklist: Centralia Coal-to-Gas Project* (June 2026) (hereinafter SEPA Checklist) at 11, available at:

<https://apps.ecology.wa.gov/separ/Main/SEPA/Document/DocumentOpenHandler.ashx?DocumentId=223139>.

³⁶ Ecology, *Washington Cap-and-Invest Program Auction #15 September 2026 Summary Report* (Sept. 9, 2026) at 1, available at: <https://apps.ecology.wa.gov/publications/documents/2614063.pdf>.

and adapt to the effects of climate change. For this reason, coverage of the plant's GHG emissions under the CCA is not a mitigation measure and should not be included as one in any permit. Instead, Ecology should explore more ways of mitigating this tremendous increase of GHG and air pollution along with the major loss of climate funding for the state and communities.

The second mitigation measure that Ecology proposes to address the GHG impacts from the gas-fired plant is a "community clean energy grant program."³⁷ Key components of the clean energy grant program include "grants [to] support eligible clean energy projects...in Lewis and Thurston County."³⁸ While Commenters acknowledge that clean energy grants focused on geographically proximate communities are commendable and appropriate to address the localized impacts of a gas-plant operation, the effects of plant operations are born by communities broader than Lewis and Thurston Counties.

The \$21 million maximum TransAlta would contribute to this grant program pales in comparison to the scale of loss of CCA revenue.

Moreover, the impacts of the gas plant are borne by Washingtonians generally in terms of the negative climate impacts and specifically by ratepayers in the PSE service area. Ecology notes that "annual funding for grants will be based on actual plant operations from the previous year."³⁹ While Ecology may hope that a funding mechanism for a grant program is a sufficient deterrent to minimize dispatch from the gas plant, without more details about how these costs will be shared between TransAlta and PSE nor how the programs invested in will or won't reduce peak load or otherwise displace gas plant dispatch, Commenters cannot meaningfully comment on the clean energy program as a mitigation measure. Moreover, the PSD Permit process and SEPA MDNS are the inappropriate forum to provide detailed feedback on the clean grant program, because Ecology has not presented enough information to meaningfully comment on the proposal. Commenters urge Ecology to solicit more feedback from the public on this proposal and provide opportunity for meaningful review of how the clean grant program would be structured and what types of programs could be considered.

Moreover, Ecology was incorrect in its reading of the 2011 Memorandum of Agreement (MOA) between TransAlta and the State and citing it as a rationale for issuing a MDNS. In the MDNS, Ecology states that "the project would help implement [the 2011 MOA] by switching from combustion of coal to combustion of natural gas to produce electricity."⁴⁰ However, the text of the 2011 MOA does not reference a *conversion*, but rather focus on the facility's *ceasing coal operations*. To be sure, TransAlta has already received the benefits anticipated under the MOA: recognition of investments by TransAlta in emissions reductions based upon the early retirement of boilers.⁴¹ The scope of the 2011 MOA was limited to the cessation of the coal-fired operation of the plant; the MOA did not, as Ecology suggests, lock in a promise that TransAlta could convert its facility to a gas plant and circumvent the required environmental review process. Additionally, it would be grossly irresponsible and imprudent to consider a non-binding

³⁷ Final MDNS at 4.

³⁸ *Id.*

³⁹ *Id.*

⁴⁰ *Id.* at 2.

⁴¹ *Memorandum of Agreement* (Dec. 23, 2011) at 2, available at: <https://ecology.wa.gov/Asset-Collections/Doc-Assets/Air-quality/TransAlta/TransAltassignedMOU>.

suggestion of what replacement technology was desired in 2011 as dictating Washington’s future energy needs that won’t be built until two decades later.

B. The Minimal Projected Use of the Plant Undercuts TransAlta’s Claims About Resource Adequacy

TransAlta alleges that the energy resource needs of Washington justify a gas-fired plant and that the project is “a unique facility capable of providing agile generating capacity at a 59% non-baseload capacity factor that is needed to support the Washington grid.”⁴² TransAlta doubles down on this position: “Due to the significant energy and capacity needs in the region, the Project must have a capacity factor of up to 59% - anything less will not meet the purpose and need of this project.”⁴³ However, Ecology’s justification for moving forward with the project contradicts TransAlta’s statement; Ecology’s rationale is: “The Project is **not** designed or intended to operate continuously or at a high capacity or baseload factor. The Project is expected to operate at a capacity factor of less than 20 percent of all hours on an annual basis over the life of the Project.”⁴⁴

The inconsistencies between TransAlta’s alleged “purpose and need” and Ecology’s justification for a MDNS are indicative that more rigorous analysis is needed to reconcile the conflicting statements. It is illogical to say that the project must absolutely be permitted at a 59 percent capacity factor and that anything less would not meet the purpose and need of the project and in the same breath say that operating at a significantly lower capacity factor is the reason the project moves forward. This assumption also fails to acknowledge that the facility is a merchant plant and that the assumption of a 20 percent capacity factor is *only* relevant if the contract with PSE is separately approved by the regulators at the UTC. As mentioned below, the Tolling Agreement between TransAlta and PSE is still subject to a prudence determination by the UTC in PSE’s multi-year rate case, a determination that has been challenged by multiple parties, including the state attorney general. Approval of the tolling agreement with PSE is not a foregone conclusion as Ecology erroneously assumes in this process, and there are no protective contingencies offered if that does not happen. If that tolling agreement is found imprudent, there is a strong possibility that a different customer for the merchant gas facility (whether a data center, cryptocurrency operator, out-of-state utility or another customer) may operate well above the 20 percent assumption that Ecology used in its current analysis. To mitigate that detrimental scenario, the PSD permit should reflect planned operations here and lower the permitted capacity factor to a maximum of 20-25% planned operations.

III. Permitting the TransAlta Centralia Plant Contravenes Washington’s Statutory Climate Obligations under Washington’s Climate Laws

A. TransAlta’s Project Does Not Contribute to Meeting Climate Targets Required by the Clean Energy Transformation Act

In 2019, Washington State committed to eliminate greenhouse gas emissions from its electricity supply by 2045.⁴⁵ To achieve this, the Clean Energy Transformation Act (CETA)

⁴² SEPA Checklist at 3.

⁴³ *Id.* at 4.

⁴⁴ Final MDNS at 2 (emphasis in original).

⁴⁵ RCW § 19.405.010(2).

requires that, by 2045, electric utilities must use non-emitting electric generation and electricity from renewable resources to “supply one hundred percent of all sales of electricity” to Washington customers.⁴⁶ As an interim step, by 2030, electric utilities must ensure that all retail electric sales to Washington customers are 80% renewable and nonemitting, and “greenhouse gas neutral.”⁴⁷ CETA directs utilities to prioritize procurement of new renewable resources starting in 2019.⁴⁸ As the first major gas-fired power plant hoping to be permitted in Washington since the adoption of CETA, let alone the first to be proposed to be built in decades in the state, review of this projects deserves more consideration and needs more analysis and data than the short shrift minimal review that Ecology has proposed that it receive.

TransAlta states that the purpose of this conversion project is to “continue generating firm dispatchable electricity at a utility scale...while significantly reducing emissions to the surrounding environment.”⁴⁹ TransAlta goes on to claim that the facility is uniquely “capable of providing agile generating capacity at a 59% non-baseload capacity factor that is needed to support the Washington grid.”⁵⁰ Finally, TransAlta states that the project will be “fully contracted to the [PSE],” and that “[by] controlling the facility dispatch, [PSE] is addressing capacity deficits.”⁵¹ Because TransAlta’s SEPA checklist relies on this agreement with PSE and energy resource constraints, it is important to weigh the legitimacy of those claims.

PSE—TransAlta’s customer identified in its SEPA analysis—is not on track to meet its 2030 CETA obligations. In its Multiyear Rate Case before the UTC, PSE projected that its total percentage of CETA-compliant retail sales in 2030 to be 66 percent, resulting in a 14-percentage point deficit (or 2,718 gigawatt-hours of CETA-eligible generation) with respect to its minimum 80 percent requirement.⁵² By its own admission, PSE does not plan to achieve 80 percent renewable or non-emitting electric sales by 2030, but rather plans to solicit additional renewable and non-emitting resources to achieve greater than 80 percent CETA-compliant energy in the years following 2030. This disregard for its statutory obligations by TransAlta’s customer for this plant is erroneously enabled by Ecology’s preliminary decision to issue an air permit and forego an EIS.

B. The TransAlta Conversion is Inconsistent with Washington’s GHG Emission Limits and the CCA’s Emission Cap Trajectory, Will Result in Foregone Revenue, and Could Increase Compliance Costs

In 2020, the Washington State Legislature passed statewide emissions limits consistent with the most recent assessment of climate change science.⁵³ In 2021, the Washington State Legislature passed the CCA, creating an economy-wide, cap-and-invest market-based program to reduce greenhouse gas emissions.⁵⁴ The program’s emissions cap is aligned with the emissions

⁴⁶ *Id.* at § 19.405.050(1).

⁴⁷ *Id.*

⁴⁸ *Id.* at § 19.405.040(6)(a)(iii) (“[i]n the acquisition of new resources constructed after May 7, 2019,” utilities should “rely on renewable resources and energy storage” provided that doing so would “[a]chieve [CETA’s greenhouse gas] targets at the lowest reasonable cost, considering risk[.]”).

⁴⁹ SEPA Checklist at 3.

⁵⁰ *Id.*

⁵¹ *Id.*

⁵² UTC, Docket Nos. UE-260005/UG-260006, PSE Exh. JJJ-1T (Joshua J. Jacobs Opening Testimony) at 16, tbl. 4.

⁵³ RCW § 70A.45.020.

⁵⁴ Ecology, “Climate Commitment Act,” available at: <https://ecology.wa.gov/air-climate/climate-commitment-act>.

limits set in RCW 70A.45.020. However, the draft MDNS assumes that emissions from the plant will not decrease at a rate commensurate with the emissions cap or statewide emissions limits, but will remain static throughout its anticipated 18-year lifespan.

PSE, as an electric utility in Washington state, must comply with the CCA by submitting compliance instruments for its emission covered under the program⁵⁵ As noted above, no-cost allowances allocated to PSE for emissions associated with electricity produced at the plant would result in tens of millions of dollars of foregone CCA revenue for the state each year, and potentially over \$1.5 billion in lost revenue over the life of the project. Additionally, removing more than two million allowances from the program each year will result in fewer allowances available for purchase by other covered entities. This could increase overall compliance costs across the program. This effect may be somewhat muted in a linked market, but is still a factor that Ecology should consider.

IV. Conclusion

Ecology's approval of TransAlta's PSD permit and finding of a MDNS are deficient because of its reliance on incomplete, inaccurate, and contradictory analyses. The TransAlta project stands to detrimentally impact Washingtonians in terms of climate, energy costs, and environmental harms. Commenters therefore recommend that Ecology deny the PSD permit and require a renewed analysis using the appropriate baseline for emissions. A full EIS is required to adequately assess the impacts associated with TransAlta's proposal; a MDNS is not acceptable or appropriate for projects such as this one, where the proposed action will have significant adverse effects and collide with the state's climate goals. Furthermore, a PSD permit must not be issued until all regional Class 1 Area visibility impact modeling files are made available for public review and comment, and Ecology considers appropriate emission controls and other actions to reduce projected regional haze impacts as a result of this project.

Ecology must approach this proposed first new gas-fired power plant in Washington in decades with the seriousness and thoroughness that are warranted given its consequential impacts for Washington's air, climate, and communities. Instead, Ecology proposes to egregiously skimp on process and review, in effect rubber stamping a massive new source of climate and air pollution without complete and accurate data on which to base its decision.

Sincerely,



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*On behalf of Washington Conservation Action,
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Solutions, and Front and Centered*

⁵⁵ *Id.*