



September 27, 2024

Informal Comments of the Northwest & Intermountain Power Producers Coalition on the Cap-and-Invest Linkage Draft Rules

The Northwest & Intermountain Power Producers Coalition (“NIPPC”) appreciates the opportunity to comment on the Washington State Department of Ecology (“Ecology”) Cap-and-Invest Linkage Rulemaking, including the proposed amendments to Washington Administrative Code (“WAC”) Chapters 173-441 (Reporting of Emissions of Greenhouse Gases) and 173-446 (Climate Commitment Act Program Rule) discussed at the public meetings on July 10, 2024¹ and July 22, 2024² (collectively the “Partially Drafted Rules”).

As a regional membership organization representing competitive power participants in the electricity sector in the Pacific Northwest and Intermountain region,³ NIPPC applauds Ecology for aligning its carbon market policies with California and Quebec but urges Ecology to revisit the language added to permit federal power marketing administrations, *i.e.*, the Bonneville Power Administration (“Bonneville”) and Western Area Power Administration (“WAPA”) (collectively “PMAs”), to opt-in as a covered entity to ensure equitable treatment among potential sellers. Although NIPPC generally supports permitting the PMAs the option to elect to be the covered entity, Ecology should be mindful not to provide the agency a competitive advantage over other sellers in the region.

A. Ecology Should Permit All Sales Coming In From Bonneville’s Service Territory to Use Bonneville’s Emission Rate

Previously drafted rules permit Bonneville to voluntarily take over the compliance obligations of its customers making sales into Washington, and in cases where the agency declines to do so, permits the covered entity to use Bonneville’s Asset-Controlling Supplier (“ACS”) emission rate. The Partially Drafted Rules revised the definition of “Electricity

¹ Presentation materials from the July 10, 2024 public meeting are available at <https://ecology.wa.gov/getattachment/43363c76-e9f0-4aca-9cb1-dbf1811eef9c/LinkageRulePublicMeeting-July10-1.pdf>.

² Presentation materials from the July 22, 2024 public meeting are available at <https://ecology.wa.gov/getattachment/d4ceab2f-81fc-4f42-8bd8-fe17b830889d/LinkageEJAforum-22July2024-slides.pdf>.

³ NIPPC members include owners, operators, and developers of independent power generation and storage, power marketers, and affiliated companies.

Importer” in WAC 173-441-124(2) to address electricity provided as balancing energy, but additional revisions are being considered. NIPPC encourages Ecology to closely scrutinize the interplay between the various rulemakings to ensure that revisions made in the linkage rulemaking provide overall parity among sellers utilizing Bonneville to deliver their power.

B. Bonneville Should Take On Compliance Obligations For the Agency’s Own Sales

While supportive of allowing PMAs discretion to voluntarily take on Washington’s compliance obligations, NIPPC also notes that it would expect Bonneville to generally accept the compliance obligations for the agency’s own sales into Washington. Presumably any sales made by Bonneville into Washington would include a price component to compensate for CCA compliant power. Because Bonneville will almost certainly receive a financial benefit associated with its own clean power sales, the agency should in turn take on the compliance obligation for those sales. Should Bonneville ultimately decline to do so, NIPPC encourages Ecology and Bonneville to work together to provide transparency to market participants well in advance of any final rules.

NIPPC looks forward to reviewing other stakeholders’ comments and may address additional specific rulemaking language in future comments.

Sincerely,



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