



September 27, 2024

Nikki Harris  
Department of Ecology  
Climate Pollution Reduction Program  
P.O. Box 47600, Olympia, WA 98504-7600

RE: Cap-and-Invest Linkage Rulemaking to amend Chapter 173-446 WAC and Chapter 173-441

The Energy Authority (TEA) is a public power-owned, nonprofit corporation that provides portfolio management services to public power utilities across the United States. TEA partners with over 60 public power clients, managing approximately 30 GW of peak load and 25 GW of generation in North America's organized and bilateral wholesale energy markets, including the Pacific Northwest and California regions. TEA provides carbon management and compliance reporting services to 15 Washington utilities with a combined total retail load of nearly 20,000 GWhs.

TEA appreciates the opportunity to provide comments to the Department of Ecology on revisions to the Greenhouse Gas Reporting Rules to facilitate linkage to the programs of California and Quebec. TEA supports linkage and recognizes revisions to rules are needed to facilitate linkage.

### Electricity Imports

**TEA encourages the Department of Ecology to revise rules in a manner that is consistent with the Electricity Imports Whitepaper.**

For the purposes of consistent reporting, TEA encourages Ecology to provide a list of 1) BAAs located entirely inside Washington state, 2) BAAs that are located across multiple states and 3) first points of delivery in Washington. These lists should not be included in the rule language as these points are subject to change, but Ecology may reference these lists in rule language noting that reporting must be consistent with Ecology's published lists of BAAs and PODs. Further, providing this information is needed for market transparency, and it may help to safeguard against negative impacts on liquidity that could otherwise occur due to uncertainty surrounding electricity imports.

### Balancing Energy

**TEA strongly encourages Ecology to delete the proposed modification that indicates balancing energy for in state resources in multi-state BAAs would be considered electricity imports.**

Ecology's draft rule language proposes modifying the definition of electricity importer to include:

(v) For electricity provided as balancing energy in the state of Washington, including balancing energy that is also inside a balancing authority area that is not located entirely within the state of Washington, the electricity importer is [Ecology is still in the process of drafting this definition].



While Ecology has not yet finished drafting this definition, TEA is concerned about the direction the current language is headed in.

Given Ecology did not provide a separate definition of, “Balancing Energy”, TEA will assume that the below definition of balancing energy is consistent with Ecology’s interpretation:

Balancing energy is untagged energy provided by a balancing authority for the purposes of supporting unplanned fluctuations in a generating unit’s energy production.

By and large, balancing energy is used to support non-emitting, variable energy resources (VERs). Unlike dispatchable generation that can ramp up and down, the generation output from VERs fluctuates based on environmental conditions, so significantly more balancing energy is needed. For this reason, TEA’s comments are largely in reference to balancing energy that is used to support VERs.

Ecology’s modification to the definition of “electricity importer” implies that the balancing energy provided to an in-state non-emitting resource located in a multi-state BAA will be considered an electricity import and will therefore incur carbon emission obligations. TEA is concerned that this modification will lead to the double counting of emissions, and TEA believes attributing emissions to in-state non-emitting resources is inconsistent with the intent of the Washington Climate Commitment Act, Washington Clean Air Act, and Washington Clean Energy Transformation Act. The intent of these statutes is to encourage decarbonization such as through the development of non-emitting and renewable resources. Imposing emissions obligations on Washington State renewable generation has the potential to devalue these resources and discourage renewable buildout.

TEA acknowledges that because balancing energy is untagged, it is virtually impossible to determine what resource is providing balancing energy. When non-emitting energy or WA state thermal generation is used for balancing in multi-state BAAs, all emissions will already be accounted for. TEA acknowledges there may be instances where balancing energy for Washington resources located in a multi-state BAA may be provided by an out-of-state emitting generator, but it will be impossible to distinguish when this occurs. Additionally, there is good reason to believe that in Washington most balancing energy is being provided by storage hydro. Storage hydro’s synchronous generation capabilities are uniquely suitable for providing balancing services. Moreover, VERs are oversupplying the grid just as often as they are relying on balancing energy from other resources. On an annual basis, the net over-schedule of VERs will be close to 0MWhs. If Ecology modifies the definition of electricity importer to include balancing energy for in-state resources, this will result in significant double counting of emissions.

If renewable generating assets geographically located in Washington that happen to be part of a multi-state BAA incur emissions obligations based on balancing energy, this effectively treats them as Stationary Sources under the Washington Clean Air Act as they will have emissions associated with their generation. This is inconsistent with the intent of the law writ large. It also potentially implies that such a resource would have an emissions component under this program while counting as a clean, renewable resource under other environmental regulations such as the Clean Energy Transformation Act. Ultimately, attributing emissions to in-state renewables is wholly inconsistent with Washington’s environmental regulations and unduly disincentivizes further development and operation.

Regardless of who is the electricity importer, the cost of carbon associated with balancing energy will be incurred by the resource owner or off-taker, as the electricity importer will pass on this cost to them. In addition



to the explicit cost that in-state VER owners/off-takers would incur because of the carbon emissions associated with balancing energy, the owners/off-takers may also see a further devaluation of their resources as a result of a decrease in REC value due to the potential for these resources to be considered “unspecified electricity” under CETA.

Given the risk of double counting and the potential of this revision to discourage the development of in-state VERs, TEA strongly encourages Ecology to strike this proposed modification that indicates balancing energy for in-state resources in multi-state BAAs would be considered electricity imports:

(v) For electricity provided as balancing energy in the state of Washington, including balancing energy that is also inside a balancing authority area that is not located entirely within the state of Washington, the electricity importer is [Ecology is still in the process of drafting this definition].

Sincerely,

Alison Gill  
Manager, Portfolio Analytics

**Mobile:** 617-599-4334  
**Email:** [agill@teainc.org](mailto:agill@teainc.org)



