

Clare Breidenich

Please find attached comments of the Western Power Trading Forum on the proposed changes to the CCA Program Rule and the GHG Reporting Rule to facilitate linkage.

Thank you,
Clare Breidenich

**Comments of the Western Power Trading Forum
to the Washington Department of Ecology
on Proposed Modifications to the Climate Commitment Act Program**

September 27, 2024

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The Western Power Trading Forum¹ (WPTF) appreciates the opportunity to provide input to the Washington Department of Ecology on Proposed Modifications to the Climate Commitment Act Program in response to the linkage bill (SB6058). Our comments below address

- Applicability provisions for specified sources of electricity,
- Covered emissions for in-state resources that offer into centralized electricity markets,
- Treatment of emissions associated with electricity generated in Washington and exported to California, and vice versa,
- Clarity on Allowance Price Containment Reserve (APCR) auctions.

Our textual edits to the draft rules are shown in red on top of a clean version of Ecology's proposed changes.

WAC 173-446-030 Applicability.

(c) A first jurisdictional deliverer that imports electricity into Washington, and

Changes to the applicability requirements for electricity importers in SB6058 do not align with that of California's program. In the California program, the emission threshold for specified sources imports of is set relative to the annual emissions of the resource – not the cumulative emissions from all specified source imports by the importer. This threshold was intentionally adopted by California to provide parity with how resources inside the state are treated.

WPTF is concerned that the exemption for emissions associated with purchases of federal power marketing administration electricity in subparagraph (iii) will result in undercounting of emissions associated with imports by the Bonneville Power Administration (BPA) and as a result, could hinder linkage. While the emissions of individual BPA customers are small, the cumulative total may be well above the 25,000 ton threshold. Given that these provisions are set out in statute, we recognize that Ecology cannot modify them through rule. Instead, we suggest that Ecology instead address these emissions through removal and retirement of allowances. This would ensure that emissions associated with all BPA imports are completely accounted and avoid creating compliance obligations for smaller BPA customers. We suggest language later in our comments to address allowance retirement for these emissions.

WAC 173-446-040 Covered emissions.

(e) Allotment of covered emissions for first jurisdictional deliverers of imported electricity.

Subparagraph (iv) of 173-446-040 does not accurately reflect how electricity would be allocated or deemed to Washington by a centralized market operator. Under both market designs, only electricity generated outside Washington could be allocated or deemed to Washington, and result in a compliance obligation as an import. The greenhouse gas tracking and accounting framework being developed for Markets+ (and expected to be developed for EDAM) could allocate electricity and any associated emissions from resources located in Washington to individual Washington utilities, but this allocation would not represent an import. Subparagraph (iv) is therefore both inappropriate and unnecessary and should be deleted.

¹ WPTF is a diverse organization comprising power marketers, generators, investment banks, public utilities and energy service providers, whose common interest is the development of competitive electricity markets in the West. WPTF has over 100 members participating in power markets within California and elsewhere across the United States.

~~(iv) For electricity generated by an electric generating facility in Washington where the owner or operator of that facility successfully offers electricity into a centralized electricity market and is assigned, designated, deemed, or attributed to be serving Washington electric load by the methodologies, processes, or decision algorithms put in place by the market operator of that centralized electricity market, the compliance obligation for the GHG emissions associated with that electricity is determined once, based on the emissions reported for that electricity under WAC 173-441-120.~~

Additionally, WPTF remains concerned that prior to linkage, the cap-and-trade programs of Washington and California would both impose a carbon obligation for emissions associated with electricity generated in one jurisdiction and imported to another. This double imposition of compliance costs creates a significant barrier to electricity transactions between the programs, which would be exacerbated in the centralized electricity markets. While we appreciate that Ecology has attempted to address this concern with the provision in WAC 173-446-400, paragraph (11) that defers the compliance obligation for emissions associated with electricity generated in Washington and exported into California, we do not consider this approach to be appropriate or sufficient. Both the California and Washington cap-and-trade programs are fundamentally source-based programs that also regulate electricity imports. Thus, for electricity that is transacted between the two jurisdictions, the compliance obligation should be borne by the generator in the host state. This aligns with how emissions associated with imports from the other jurisdiction will be treated if and when the two programs are linked. Instead, WPTF recommends that the importing jurisdiction should recognize and give credit for any compliance costs incurred by the generator for electricity that is exported from the other jurisdiction.

Further, the provision that defers the annual compliance obligation for emissions associated with electricity exported to California provides no guarantee that the compliance obligation for deferred emissions will not come due at the end of the compliance period. WPTF suggests that Ecology coordinate with the California Air Resources Board (CARB) to develop reciprocity provisions in both program rules that would provide credit to electricity importers for compliance costs incurred at the generator level in the originating jurisdiction. In light of CARB plans to reduce the overall allowance supply post 2024, and the fact that allowance prices under the Washington program are already high, we do not support allocating allowances to offset compliance costs for emissions associated with imports from the other jurisdiction. Instead, the importing jurisdiction should simply reduce the compliance obligation for emissions of the imported electricity by the amount that results from multiplying the emissions by compliance costs incurred in the originating jurisdiction program.

Specifically, we suggest that the importing jurisdiction reduce the compliance obligation for emissions associated with a specified source imports by the average ratio of the indexed allowance prices of the two jurisdictions in the previous year. For instance, for a specified import to Washington from an emitting resource located in California where the indexed California allowance price averaged .4 of the Washington allowance price in the previous year, the importer's compliance obligation for that import would be reduced by 40%. If the average allowance price in the host jurisdiction is higher than the allowance price in the importing jurisdiction, the covered emissions associated with the imported electricity should be reduced to zero. By adjusting emissions associated with specified electricity imports by the ratio of allowance prices, this approach would ensure that imported specified electricity and electricity generated in state are subject to comparable carbon costs.

Once this provision is adopted under both program rules, Ecology should eliminate the provision for the deferred compliance obligation. Ecology should convert the deferred compliance obligation to an actual compliance exemption for any exports that occurred during the period that the deferred compliance obligation was in effect. We provide language later in these comments.

(iv) The following emissions are not covered emissions for first jurisdictional deliverers of imported electricity:

(A) Emissions associated with specified imports from a generating facility located in a jurisdiction with an emission trading system that has not been linked to Washington that have been subject to a comparable compliance obligation;

(I) Ecology will determine the volume of emissions that have been subject to a comparable compliance obligation by multiplying reported emissions from the specified import by the lesser of 1 minus the annual averaged ratio of indexed allowance prices in the other jurisdiction to Washington indexed allowance prices for the importing year, or 0.

WAC 173-446-250 Removing and retiring allowances.

As explained above, WPTF recommends handling emissions associated with BPA sales to its smaller customers when BPA has not elected to comply with the program through retirement of allowances, rather than an exemption for those emissions. We suggest adding a new subparagraph (4) to this section to address this retirement.

(4) Adjustments for emissions associated with electricity purchased from a federal power marketing administration. If a federal power marketing administration has not elected to comply with the program, Ecology will remove and retire allowances for emissions associated with electricity purchased from a federal power marketing administration when those emissions are exempted

WAC 173-446-370 Allowance price containment reserve account.

WPTF strongly recommends that Ecology codify changes to the allowance price containment reserve (APCR) auctions. In 2023, Ecology inadvertently caused allowance prices in the secondary market to approach \$70 per ton due to staff's arbitrary limitation on the volume of APCR allowances offered and its decision to auction Tier 2 allowances before Tier 1 was depleted. Our proposed changes to subparagraph (d) below would provide much needed clarity and align the APCR auctions with the way that APCR sales would be handled under the California and Quebec programs.

(d) The full volume of the remaining APCR supply will offered at each auction. Tier 1 allowances shall be sold first, then Tier 2 allowances will be sold only after all tier 1 allowances in the reserve have been sold. The auction of Tier 1 allowances shall continue until all Tier 1 allowances are sold or all bids are filled, whichever occurs first. If any Tier 1 allowances remain, ecology will award them to bidders for Tier 2 allowances at the Tier 1 price using a random number selection process that assigns random numbers to each lot bid and awards Tier 1 allowances starting with the lowest random number until all Tier 1 allowances are sold. The subsequent auction of Tier 2 allowances shall continue until all Tier 2 allowances are sold or all bids are filled, whichever occurs first.

WAC 173-446-400 Compliance instruments transactions—General information.

As explained above, WPTF considers that the adjustment to the compliance requirement for electricity exported from Washington to California should occur on the California side. We therefore recommend altering the deferred compliance provision for these exports so that it becomes an exemption for emissions associated with exports to California that occurred prior to the rule change. This will ensure that entities that exported electricity to California prior to change in the program rule are not harmed.

{11} ~~Deferred Exemption from compliance requirement for emissions associated with electricity exported to an external GHG emissions trading program prior to [January 1 of the year following effective date of rule change]. for first compliance period. For any portion of covered emissions from electricity generated in a first jurisdictional deliverer in Washington state exported from Washington and imported into an external GHG emissions trading program and imported into Washington, as demonstrated to ecology's satisfaction through means established under chapter 173-441 WAC, the requirements of subsection (2) and (3) of this section do not apply. Only the requirements of subsection (3) of this section apply to that portion of covered emissions. This deferral is only in effect for the first compliance period, and for subsequent compliance periods subsections (2) and (3) both apply.~~

**Comments of the Western Power Trading Forum
to the Washington Department of Ecology
on Proposed Modifications to the Greenhouse Gas Reporting Rule**

September 27, 2024

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The Western Power Trading Forum¹ (WPTF) appreciates the opportunity to provide input to the Washington Department of Ecology (Ecology) on revisions to the Greenhouse Gas Reporting Rules in response to SB6058, which modified the Climate Commitment Act to facilitate linkage to the programs of California and Quebec. Our comments below address specific changes to the electricity import provisions in the rule specifically addressed in SB6058, as well as several other issues that were identified in the Electricity Imports Whitepaper². Although these latter issues were not explicitly address in SB6058, we believe that the Legislature gave Ecology discretion to address these issues in rulemaking.

Multistate BAAs

A significant portion of the Electricity Imports Whitepaper addressed multistate balancing authorities areas (BAAs). To provide much-needed clarity around these BAAs, we suggest textual changes to codify the Whitepaper approach. Specifically, we propose:

- A new definition of “Electricity generate outside Washington state”, which clarifies that electricity sourced from a point of receipt (POR) located in a BAA that is not located entirely inside Washington state is considered to be generated outside of Washington, unless a specific resource located inside Washington is identified.
- A new definition of “Final Point of delivery in Washington” that when electricity is considered to sink in Washington. The list under this definition is intended to be exclusive.
- Modification of the definition of “First point of delivery in Washington” to identify specific points on the transmission system where the entity considered to be the electricity importer is identified.
- New definitions of balancing authority, balancing authority area and multistate balancing authority area.

WPTF also requests that Ecology develop, publish and maintain guidance for electric power entities that lists 1) BAAs located entirely inside Washington state, 2) multistate BAAs (currently those operated by Avangrid, Avista, BPA, PacifiCorp and PGE) and 3) first points of delivery in Washington. (We have included the current specific point in our textual comments below, but do not suggest that these be included in the actual rule.) Because the transmission system evolves over time, it is important that Ecology maintain flexibility to update these lists as BAAs and scheduling points change.

Exclusion of electricity that is wheeled through the state or separately accounted for

SB6058 authorized Ecology to exclude electricity that has been wheeled through the state or is separately accounted as instate generation. We suggest several textual changes to the rule to give effect to this exemption and to provide clarity.

- A new definition of “Composite Source POR.”
- A new definition of “Common Point”. We suggest that common point be considered any PORs/PODs within the same BAA located entirely within Washington, such that wheel throughs must occur into and out of the same BAA.

¹ WPTF is a diverse organization comprising power marketers, generators, investment banks, public utilities and energy service providers, whose common interest is the development of competitive electricity markets in the West. WPTF has over 120 members participating in power markets within the west and across the United States.

² <https://apps.ecology.wa.gov/publications/documents/2302051.pdf>

- Requirements to report and provide supporting documentation for electricity wheeled through the state and electricity separately accounted for. We recommend that Ecology also develop reporting formats in line with the 'lesser-of' examples included in the Electricity Imports Whitepaper.

Balancing energy

The Whitepaper flagged that the emissions associated with balancing energy provided by multistate BAAs for electricity sourced from resources located within Washington to a final sink in Washington are currently not accounted for. WPTF recommends several modifications to the reporting rule to address this omission:

To address this we recommend adding:

- A new definition of balancing energy;
- A provision to identify the electricity importer for balancing energy for Washington resources located in multistate BAAs; and
- New requirements to report and provide supporting documentation for the calculation of imported balancing energy for Washington resources located in multistate BAAs.

WPTF's recommendation for the electricity importer for this balancing energy diverges from the Whitepaper. The Whitepaper proposed that the electricity importer should be the purchasing-selling entity (PSE) on the e-tag from the resource to the first point of delivery in Washington. Upon further consideration, we realized that while the Whitepaper approach would work when a PSE purchases specified electricity from the resource because the PSE would have access to meter data necessary to compare the e-tag volume to the metered output of the resource, the approach will not work when the output of a resource is transacted as unspecified energy. For this reason, WPTF now recommends that the resource owner or operator should be responsible for emissions associated with any balancing energy imports provided by multistate BAAs. To ensure that this approach does not treat non-emitting Washington resources in multistate BAAs unfairly relative to non-emitting Washington resources in BAAs located entirely inside Washington, WPTF also recommend that these emissions be considered facility emissions subject to both the 10,000 metric ton reporting threshold and the 25,000 covered emission threshold for instate facilities. This would ensure that small quantities of emissions associated with such balancing energy do not trigger a reporting or compliance obligation.

We would request that through the Electricity Forum, Ecology consider the appropriate emission factors to be assigned for balancing energy provided by multistate BAAs, as this energy could be provided by specific resources or provided by Washington resources whose energy and associated emissions are separately accounted. There may be additional considerations if balancing energy is provided by a multistate BAA that participates in a centralized electricity market.

Other issues

Our textual comments address a number of additional issues:

- Addition of a definition of "Storage Facility" and references throughout wherever generating facilities or units are mentioned to ensure that storage is also accounted for.

- Identification of electricity delivered to discrete Washington loads with multistate BAAs as an electricity import. This covers situations such as electricity delivered for Kaiser Aluminum load, which is not served by Avista.
- Exclusion of emissions associated with electricity imports subject to an 'equivalent compliance obligation' in and unlinked jurisdiction with a carbon pricing program. We provide explanation of this addition in our separate comments on the Climate Commitment Act program rule.

Process Considerations

Finally, we reiterate our concern that important electricity import issues are being addressed in two separate rulemakings. Given the need to ensure cohesion between the electricity import provisions, we urge Ecology to merge these into a single rulemaking. We also welcome Ecology's convening of the recently announced Electricity Forum, and believe that forum can provide useful input to Ecology's consideration of these rule changes, as well as to the development of guidance for electric power entities in line with the rule.

The remainder of our comments provide textual edits (in red underline and strikeout) to the draft rules with explanations. These changes are shown on top of Ecology's proposed changes, which have been accepted in the underlying text. Where relevant, we have also included some of the WPTF changes (in blue) submitted in response to the Centralized Electricity Markets Rulemaking.

Definitions

“Balancing authority” means the responsible entity that integrates resource plans ahead of time, maintains load-interchange-generation balance within a balancing authority area, and supports interconnection frequency in real time.

“Balancing authority area” or “BAA” means the collection of generation, transmission, and loads within the metered boundaries of a balancing authority. The balancing authority maintains load-resource balance within this area.

“Balancing energy” means electricity provided by a balancing authority to a generating facility or unit in that balancing authority area to maintain the resource’s energy schedule. Balancing energy is not associated with an e-tag.

“Composite Source Point of Receipt or composite source POR” means a Point of Receipt at which electricity generated by multiple facilities or units is aggregated.

“Common Point” means, for purposes of identifying electricity wheeled through the state, PORs and PODs within the same BAA located entirely in Washington. Electricity exported from Washington must be matched to an electricity import that sinks to a POD in the same BAA to be considered electricity wheeled through the state on separate e-tags.

“Electricity exporter” means electric power entities that deliver exported electricity. For electricity that is scheduled with an e-tag, the entity that exports electricity is identified as the purchasing-selling entity (PSE) on the last segment of the tag’s physical path, with the point of receipt located inside Washington state and the point of delivery located outside Washington state. For electricity that is exported ~~from a designated scheduling point~~ into the balancing authority area of a federal power marketing administration, the exporter is the purchasing-selling entity at the first point of the physical path of the e-tag that is not the generation source. For electricity that is successfully offered into a centralized electricity market and that is sold a specified contract to a market participant located outside Washington, the exporter is the market participant that that submits the resource offer for the electricity.

“Electricity generated outside Washington state” means, for purposes of identifying imported electricity, other than that imported via centralized markets, electricity sourced from a generating facility or unit, or storage facility that is physically outside of Washington state, or sourced from a point of receipt that is construed to be outside of Washington state. The following electricity is considered to be generated outside Washington:

- a) electricity sourced from a point of receipt in a balancing authority area located entirely outside Washington;
- b) electricity sourced from an identifiable generating facility or unit, or storage facility located outside Washington;
- c) electricity sourced from a composite source POR in a multistate BAA, unless that entity demonstrates that the electricity is wheeled through the state or is separately accounted for under the chapter.

Commented [CB1]: These definitions are included to enable definition of multistate BAA below.

Commented [CB2]: This concept is taken from whitepaper. The term is used in the definition of electricity generated outside the state below.

Commented [CB3]: This defines the term used in SB6058.

Commented [CB4]: Designated scheduling point is not defined in the rule. Instead, our suggested edits here tracks the language under the electricity importer definition below.

Commented [CB5]: This language was suggested in our comments on the centralized electricity markets.

Commented [CB6]: Adding storage throughout.

Commented [CB7]: This is formulated to track the definition of imported electricity and is intended to provide more clarity on sources considered to be outside of Washington.

"Electricity importer" means:

- i. For electricity that is scheduled with an e-tag to a final point of delivery ~~in into a balancing authority area located entirely within Washington state~~, the electricity importer is identified on the e-tag as the purchasing-selling entity on the ~~last~~ segment of the tag's physical path ~~to the first point of delivery in Washington, with the point of receipt located outside Washington state and the point of delivery located inside Washington state;~~
- ii. For facilities physically located outside Washington state with the first point of interconnection to a balancing authority area located entirely within Washington state when the electricity is not scheduled on an e-tag, the electricity importer is the facility operator or owner;
- iii. For imported electricity assigned, designated, deemed, or attributed to Washington through a centralized electricity market, the electricity importer is the deemed market importer;
- iv. (iv) If the importer identified under (iii) of this subsection is a federal power marketing administration over which Washington state does not have jurisdiction, and the federal power marketing administration has not voluntarily elected to comply with this chapter:
 - (a) where the imported electricity is contracted to a Washington retail provider, the electricity importer is that retail provider; or
 - (b) where the imported electricity is eligible surplus electricity, the electricity importer is the retail provider that receives a pro rata attribution of that electricity by the market operator. This imported electricity is considered to be specified source electricity provided by the Federal Power Marketing Administration and is exempt from the seller warranty requirement.
- v. For electricity from facilities allocated to serve retail electricity customers of a multijurisdictional electric company, the electricity importer is the multijurisdictional electric company;
- vi. For electricity provided as balancing energy ~~for a generating facility or unit~~ 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 ~~that is scheduled with an e-tag to a final point of delivery in Washington~~, the electricity importer ~~is the owner or operator of the generating facility. Emissions associated with this balancing electricity are considered facility emissions to be reported under WAC 173-441-120(1) and are subject to the applicability threshold in WAC 173-446-030 (1)(b).~~
- vii. If the importer identified under (c)(i) of this subsection is a federal power marketing administration over which Washington state does not have jurisdiction, and the federal power marketing administration has not voluntarily elected to comply with this chapter, then the electricity importer is the next purchasing-selling entity in the physical path on the e-tag, or if no additional purchasing-selling entity over which Washington state has jurisdiction, then the electricity importer is the electric utility that operates the Washington state transmission or distribution system, or the generation balancing authority;
- viii. For electricity that is imported into the state by a federal power marketing administration and sold to a public body or cooperative customer or direct service industrial customer located in Washington state pursuant to section 5 (b) or (d) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980, P.L. 96-501, the electricity importer is the federal marketing administration;
- ix. If the importer identified under (c)(vi) of this subsection has not voluntarily elected to

Commented [CB8]: A new term "final point of delivery in Washington" is added below. That definition address BAAs located entirely in Washington, and other points that would be considered Washington sinks.

Commented [CB9]: A new definition of this term is included below.

Commented [CB10]: The total emissions of the generating facility plus balancing emissions would be considered in applying the 25,000 ton threshold.

comply with this chapter, then the electricity importer is the public body or cooperative customer or direct service industrial customer;

- x. ~~For electricity that is imported into the state to a designated scheduling point inside the balancing authority area of a federal power marketing administration, the importer is the purchasing-selling entity on the e-tag at the last point on the physical path that is not the sink.~~ If the importer identified under (c)(vii) of this subsection is a federal power marketing administration that has not elected to voluntarily comply with this chapter, then the importer is the retail provider with which the scheduling point is associated; or
- xi. For electricity from facilities allocated to a consumer-owned utility inside Washington state from a multijurisdictional consumer-owned utility, the electricity importer is the consumer-owned utility inside Washington state.

Commented [CB11]: Replaced by edits to (i) above, and expansion of definition of first point of delivery in Washington.

"Electricity wheeled through the state" means electricity that is generated outside the state of Washington and delivered into Washington with the final point of delivery outside Washington including, but not limited to, electricity wheeled through the state on a single NERC e-tag, or wheeled into and out of Washington at a common point or trading hub on the power system on separate e-tags within the same hour.

Exported electricity" means electricity generated inside Washington state and delivered to serve load located outside Washington state. This includes electricity delivered from a first point of receipt inside Washington state, ~~to the first point of delivery outside Washington state, with a to any point of delivery that is not a~~ final point of delivery ~~outside in~~ Washington state. Exported electricity includes electricity generated in Washington and successfully offered to a centralized electricity market where the electricity is sold under a specified contract to a market participant located outside Washington. Exported electricity delivered across balancing authority areas may be documented on e-tags with the first point of receipt located inside Washington state and the final point of delivery located outside Washington state. Exported electricity does not include electricity generated inside Washington state then transmitted outside of Washington state, but with a final point of delivery inside Washington state. Exported electricity does not include electricity generated inside Washington state that is allocated to serve Washington state retail customers of a multijurisdictional retail provider, consistent with a cost allocation methodology approved by the Washington state utilities and transportation commission and the utility regulatory commission of at least one additional state in which the multijurisdictional retail provider provides retail electric service.

Commented [CB12]: Definition of final point of Delivery in Washington below is intended to clarify that, for both import and export purposes, PODs in BAAs not entirely located in Washington are construed to be outside the state, unless the POD is associated with a specific Washington resource or load.

"Final point of delivery" means the sink specified on the e-tag, where defined points have been established through the affiliated registry. When e-tags are not used to document electricity deliveries, as may be the case within a balancing authority or within a centralized electricity market, the final point of delivery is the location of the load, which may be the market footprint. Exported electricity is disaggregated by the final point of delivery, where applicable.

"Final point of delivery in Washington" means points of delivery that are considered to be inside Washington state for the purpose of identifying imported electricity, other than balancing energy and electricity imported through a centralized electricity market, and exported electricity. Final points of delivery in Washington are limited to:

Commented [CB13]: In other words, this is electricity considered to sink in Washington.

- i. A POR/POD within a balancing authority area located entirely in Washington;
- ii. a POR/POD associated with a generating facility or unit, or storage facility, inside Washington within the balancing authority area of a Federal Power Marketing

Commented [CB14]: This language is intended to be exclusive. No other PORs/PODs would be considered Washington sink points.

- iii. Administration:
a POR/POD associated with a public body or cooperative customer or direct service industrial customer located in Washington within the balancing authority area of a Federal Power Marketing Administration;
- iv. A POR/POD for a discrete Washington load inside a multistate BAA operated by a MJRP or other entity, but not served by that entity
- v. A POR/POD associated with a Washington generating facility or unit or storage facility located within a multistate BAA.

Commented [CB15]: Resources or customer load inside BPA.

Commented [CB16]: e.g. Kaiser aluminum

"First point of delivery in Washington" means, for purposes of determining the responsible electricity importer for electricity imports to Washington, the first defined point on the transmission system construed to be located inside Washington state at which imported electricity may be measured, consistent with defined points that have been established through the affiliated registry. A first point of delivery in Washington is limited to:

- i. A transmission POR/POD within a multistate BAA associated with the Mid-Columbia electricity trading hub (currently MIDC Remote, NWH, MIDC);
- ii. A transmission POR/POD located inside Washington that is an interconnection point between a BAA located entirely in Washington and a multistate BAA or a BAA outside of Washington (currently BPAT.CHPD, BPAT.DOPD, BPAT.GCPD, BPAT.PSEL, BPAT.TPU, BPAT.SCL, or SCL.SYS); and
- iii. Any transmission POR/POD that is a Final Point of Delivery in Washington (currently PSELSYS).

Commented [CB17]: For electricity imports, the importer would be identified at the first of these points - not the sink point.

"First point of receipt" means the generation source specified on the e-tag, where defined points have been established through the affiliated registry. When e-tags are not used to document electricity deliveries, as may be the case within a balancing authority or centralized electricity market, the first point of receipt is the location of the individual generating facility or unit, or group of generating facilities or units or storage facility.

"Imported electricity" means electricity generated outside Washington state or delivered from a storage facility outside Washington with a final point of delivery in Washington within the state.

- (i) "Imported electricity" includes electricity transferred into or attributed to Washington by a centralized electricity market but does not include electricity imported into Washington by a market operator to obtain or provide emergency assistance under applicable emergency preparedness and operations reliability standards of the North American Electric Reliability Corporation or Western Electricity Coordinating Council.
- (ii) "Imported electricity" includes imports from linked jurisdictions, but such imports shall be construed as having no emissions.
- (iii) Electricity from a system that is marketed by a federal power marketing administration shall be construed as "imported electricity," not electricity generated in Washington state.
- iv) Imported electricity includes electricity sourced from a balancing authority not located entirely within the state to a final point of delivery in the state, when that electricity is not sourced from a facility located in Washington state or demonstrated to be wheeled through the state or separately accounted for.

Commented [CB18]: This clarifies that energy sourced from any multistate BAAs is generally considered to be imported electricity when that electricity sinks in Washington, unless that electricity is sourced from a clearly identifiable instate resource (e.g. Chehalis) or, the entity provides a lesser of analysis to show energy is wheeled or separately accounted for.

v) "Imported electricity" does not include any electricity that the department determines by is demonstrated pursuant to this rule to be:

- (i) wheeled through the state; or
- (ii) separately accounted for in this chapter.

vi) Imported electricity does not include any electricity sourced from a generating facility or unit in an unlinked jurisdiction that the department determines has been subject to an equivalent compliance obligation in that jurisdiction;

vii) Imported electricity includes balancing energy provided by a balancing authority area that is not located entirely within the state of Washington to a resource in the state of Washington for electricity that is scheduled to a final point of delivery in Washington.

viii) Imported electricity includes electricity delivered to a discrete load within Washington within a multistate BAA that is not served by the entity that operates that balancing authority area.

ix) For a multijurisdictional electric company, "imported electricity" means electricity, other than from in-state facilities, that contributes to a common system power pool. Where a multijurisdictional electric company has a cost allocation methodology approved by the Washington state utilities and transportation commission, the allocation of specific facilities to Washington state's retail load will be in accordance with that methodology.

x) For a multijurisdictional consumer-owned utility, "imported electricity" includes electricity from facilities that contribute to a common system power pool that are allocated to a consumer-owned utility inside Washington state pursuant to a methodology approved by the governing board of the consumer- owned utility.

"Last point of delivery in Washington" means the last defined point on the transmission system located construed to be inside Washington state at which exported electricity may be measured, consistent with defined points that have been established through the North American Energy Standards Board Electric Industry Registry. A last point of delivery in Washington is any POR/POD associated with a BAA located entirely inside Washington, or a POR/POD associated with a generation facility or unit, storage facility or load located inside Washington within a BAA that is not located entirely inside Washington.

" Multistate BAA" means a BAA with generation, transmission or load within Washington state and within the geographic border of at least one other state or province.

"Source of generation" or "generation source" means the generation source identified on the physical path of e-tags, where defined points have been established through the affiliated registry, or a resource or system identified by a centralized market operator as source of electricity assigned, designated, deemed or attributed to be serving Washington electric load. Imported electricity and wheels are disaggregated by the source on the e-tag, also referred to as the first point of receipt.

"Specified source of electricity" or "specified source" means a facility, unit, or asset controlling supplier that is permitted to be claimed as the source of electricity delivered. The reporting entity must have either full or partial ownership in the facility or a written power contract to procure electricity generated by that facility or unit or from an asset controlling supplier at the time of entry into the transaction to procure electricity. Electricity reported as specified source must be

Commented [CB19]: This is the rule through which Ecology determines wheel throughs/separately accounted for.

Commented [CB20]: This is intended to provide the reporting hook for Ecology to recognize carbon costs paid in California. Language suggest in in WPTF comments on the program rule:

(iv)The following emissions are not covered emissions for first jurisdictional deliverers of imported electricity:

A)Emissions associated with specified imports from a generating facility located in a jurisdiction with an emission trading system that has not been linked to Washington that have been subject to an equivalent compliance obligation:

I)Ecology will determine the volume of emissions that have been subject to equivalent compliance obligation by multiplying reported emissions from the specified import by the lesser of 1 minus the annual averaged ratio of indexed allowance prices in the other jurisdiction to Washington indexed allowance prices for the importing year, or 0.

Commented [CB21]: This address the omission of imports to Kaiser aluminum.

Commented [CB22]: Although POD's in the multistate BAAs may be physically within Washington, we are recommending that they generally be treated as outside the state for determining both imports and exports, with the exception of the points listed in the last sentence.

contracted to a Washington retail provider or must be surplus electricity. For electricity from a resource dispatched by a centralized electricity market, the market participant must indicate in the offer of the electricity to the market that the electricity is available to serve load in Washington. Electricity reported as specified source must be contracted to a Washington retail provider or must be surplus electricity, as determined and deemed to serve Washington load by the market operator using by methodologies approved by ecology.

"Storage facility" means a plant that: (a) accepts electricity as an energy source and uses a chemical, thermal, mechanical, or other process to store energy for subsequent delivery or consumption in the form of electricity; or (b) stores renewable hydrogen, green electrolytic hydrogen, or a green hydrogen carrier for subsequent delivery or consumption.

Commented [CB23]: Definition taken from elsewhere in state regs

"Surplus electricity" means an amount of electricity generated by a resource or system in excess of the resource or system's existing obligations to provide electricity to purchasing entities. These obligations may include load, contractual obligations, or regulatory mandates.

(3) Data requirements and calculation methods.

(ii) Delivered electricity. The electric power entity must report imported and exported electricity in MWh disaggregated by first point of receipt (POR) or final point of delivery, as applicable, and must also separately report imported and exported electricity from unspecified sources, from centralized electricity markets, and from each specified source, from centralized electricity markets, and electricity wheeled through the state. Where applicable, first points of receipt and final points of delivery (POD) must be reported using the standardized code used in e-tags, as well as the full name of the POR/POD.

(iii) Imported electricity from unspecified sources. When reporting imported electricity delivered from unspecified sources, the electric power entity must report for each first point of receipt the following information:

(A) Whether the first point of receipt is located in a linked jurisdiction published on the ecology website;

(B) The amount of electricity from unspecified sources as measured at the first point of delivery in Washington state;

(C) The amount of electricity imports unspecified-electricity that is wheeled through the state or that is separately accounted under this chapter, are netted by exports of unspecified electricity to any jurisdiction not covered by a linked program by the same entity within the same hour.

(D) The net amount of imported unspecified electricity after taking into account the requirements of (a)(iii)(C) of this subsection

(vii) Exported electricity. The electric power entity must report exported electricity in MWh and associated GHG emissions in MT of CO₂e for unspecified sources disaggregated by each final point of delivery outside Washington state, and for each specified source disaggregated by each final point of delivery outside Washington state. For electricity successfully offered into dispatched by a centralized electricity market, the electric power entity must report any specified electricity sales attributed to market participants outside Washington, deemed to another jurisdiction with a greenhouse gas pricing program, or exported from the market to an entity outside Washington in MWh and associated GHG emissions in MT of CO₂e for unspecified sources and for each

specified source disaggregated by recipient, to the extent this information is available from the centralized electricity market operator. The electric power entity must also report the following information:..

...

(g) Additional information to document electricity wheeled through Washington. The EPE must separately report for each hour of the reporting year in a format designated by ecology:

- 1) any electricity wheeled through the state on a single e-tag;
- 2) any electricity wheeled into and out of Washington on separate e-tags at a common point or trading hub, for which the EPE is both the importer and the exporter, disaggregated by scheduling point, and MW of imports and exports separately;
- 3) any electricity imports for which another entity is the electricity exporter, and exports in the same hour; and

(h) Additional information to document electricity separately accounted for under this chapter. The EPE must separately report for each hour of the reporting year in a format designated by ecology:

- 1) The volume of electricity imports from a common source POR;
- 2) The volume of electricity on the e-tag generated by a generating facility or unit, or storage facility located in Washington in the same hour, and
- 3) The net volume of electricity imported from a common source POR after deduction of the volume of electricity in (b) above;

(i) Additional information to document electricity provided as balancing energy for a generating facility or unit in the state of Washington by a multistate BAA. For all generating facilities or units that an EPE owns or operates located in Washington within a multistate BAA, the EPE will:

- 1) Calculate for the volume of energy that is scheduled with an e-tag from each facility or unit to a final point of delivery in Washington
- 2) Calculate the volume of electricity generated by each facility or unit in each hour,
- 3) Calculate the volume of balancing energy for each facility or unit by deducting metered generation of the facility or unit from the e-tag scheduled volume in each hour;
- 4) Determine the total volume of balancing energy for all generating facilities or units that an EPE owns or operates located in Washington within the multistate BAA by summing the volume of balancing energy for individual facilities or units for each hour;
- 5) Calculate the volume of any electricity provided as balancing energy that is separately accounted for under this chapter and deduct this from the volume of energy in (d)
- 6) Calculate emissions associated with the balancing energy calculated using an emission factor as determined by ecology; and
- 7) Report emissions associated with this balancing energy with the GHG report of the generating facility or unit, if the emissions associated with the balancing energy or of the generating facility or unit exceeds 10,000 MTCO₂eq.

Commented [CB24]: This language comes later in the reporting rule, and is intended to provide the basis for Ecology to develop a format, similar to the lesser of examples in the whitepaper, for reporting of electricity that is wheeled through the state, or for which emissions have been separately accounted.

Commented [CB25]: This language provides for operators of Washington resources located within multistate BAAs to calculate emissions associated with balancing energy received from those BAAs and determine whether a reporting obligation is triggered.