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Submitted via Web Portal

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RE: Cap-and-Invest Linkage Rulemaking CR-101 Draft Rule Language

On July 1, 2024, the Washington Department of Ecology (Ecology) published draft rule language amending Ch. 173-441 WAC (Greenhouse Gas Reporting Rule) and Ch. 173-446 WAC (Climate Commitment Act Program Rule) under its Cap-and-Invest Linkage Rulemaking. The following comments are submitted by the Public Generating Pool (PGP), a trade association representing eight consumer-owned utilities in Washington and one in Oregon that own and operate their own generating resources. PGP appreciates the opportunity to comment at this early stage of the rulemaking.

General Comments

PGP supports the pursuit and execution of full program linkage with California and Quebec under the Climate Commitment Act (CCA) no later than January 1, 2026. Linkage is expected to allow Washington to meet its state greenhouse gas (GHG) emissions commitments at a lower cost to covered entities and their customers than the current standalone market. Linkage will also create one shared, rather than two divergent, GHG price signals in both existing and developing centralized electricity markets in the Western Interconnection.

PGP also supported the development and passage of Ecology's 2024 agency request legislation facilitating cap-and-invest program linkage, E2SSB 6058 (chapter 352, laws of 2024). Insofar as Ecology's draft rules implement the changes made by the bill to the underlying CCA and Clean Air Act statutes, PGP is supportive of those changes. Where Ecology has discretion to adopt rule provisions that relate to the electric sector as authorized by the legislation, PGP offers the following comments and suggestions. PGP looks forward to discussing these comments and suggestions with Ecology and other stakeholders at a forthcoming Cap-and-Invest Electricity Forum.

Bonneville Power Administration Centralized Electricity Market “Backstop” Provisions

Under the CCA statute as amended by E2SSB 6058, the Bonneville Power Administration (BPA) has the discretion to voluntarily opt into the cap-and-invest program and assume the compliance obligations associated with either all electricity it markets in the state or only the electricity marketed in the state through a centralized electricity market. Ecology’s proposed rules under both this present rulemaking and its Electricity Markets Rulemaking appropriately reflect this update to the law, which PGP supports. However, PGP is concerned that neither rulemaking currently establishes “backstop” GHG reporting or cap-and-invest compliance provisions in the event that BPA participates in a centralized electricity market but has not voluntarily elected to comply with Washington’s cap-and-invest program by registering as an opt-in entity.

To address this issue, PGP supports the language proposed by BPA during August 20, 2024, formal comment period for the Electricity Markets Rulemaking. If not addressed in the Electricity Markets Rulemaking, then BPA “backstop” provisions for centralized electricity markets would need to be included in this Cap-and-Invest Linkage Rulemaking.

Electricity Wheeled through the State

E2SSB 6058 amended the definition of “imported electricity” under the CCA as follows:

(d) “Imported electricity” does not include any electricity ((imports of unspecified electricity that are netted by exports of unspecified electricity to any jurisdiction not covered by a linked program by the same entity within the same hour)) that the department determines by rule to be: (i) Wheeled through the state; or (ii) separately accounted for in this chapter.

A new definition for “electricity wheeled through the state” was also added:

(69) “Electricity wheeled through the state” means electricity that is generated outside the state of Washington and delivered into Washington with a 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.

Conceptually, these provisions replace the now-repealed “intra-hour netting” exemption from the definition of “imported electricity” under the CCA. While PGP would have preferred to maintain the intra-hour netting provision in Washington law, PGP understands that Ecology felt its repeal was necessary in order to facilitate linkage with the program operated by the California Air Resources Board (CARB).

In order to operationalize the replacement exemption for electricity wheeled through the state or separately accounted for under the CCA, PGP broadly supports the recommended concepts and

language offered by the Western Power Trading Forum (WPTF) in their written comments to Ecology for the present comment period. However, given the highly technical nature of this issue, PGP requests that Ecology consider adding this topic as an agenda item at a forthcoming Cap-and-Invest Electricity Forum before finalizing draft rule language.

Electricity Importer for Balancing Energy

E2SSB 6058 amended the definition of “electricity importer” under the CCA by adding a provision relating to balancing energy:

(d) 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 may be defined by the department by rule;

Ecology’s July 1st draft linkage rule language does not yet identify the electricity importer for balancing energy. In lieu of draft rule language to provide feedback on, PGP broadly supports the recommended concepts and language offered by the WPTF in their written comments to Ecology for the present comment period. However, as with electricity wheeled through the state, PGP requests that Ecology consider adding this topic as an agenda item at a forthcoming Cap-and-Invest Electricity Forum before finalizing draft rule language given the highly technical nature of this issue.

Conclusion

PGP appreciates the opportunity to weigh in on Ecology’s draft Linkage Rulemaking language at this formative stage of the rulemaking. PGP looks forward to participating in Ecology’s forthcoming Cap-and-Invest Electricity Forums and engaging in this rulemaking as it develops.

Sincerely,

/s/ Mary Wiencke

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