

December 20, 2024

Submitted via Ecology's Online Public Comment Form

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

Re: PacifiCorp Informal Comments on Ecology's November 19, 2024, Cap-and-Invest Linkage Rulemaking Workshop on Electricity Considerations

On November 19, 2024, the Washington Department of Ecology (Ecology) hosted a technical discussion for the electricity sector in support of its Linkage rulemaking. Ecology posed a number of detailed questions, many of which were specific to the reporting and business practices of multijurisdictional retail providers (MJRPs). Topics were specific to rule language governing reporting of balancing energy and power wheeled through the state. PacifiCorp is an MJRP regulated commensurate with its service of retail customers in Washington, as well as its wholesale purchase and sales activity, and function as an operator of two BAAs.

PacifiCorp appreciates the opportunity to comment on Ecology's questions. PacifiCorp's primary objective for the topics raised in this rulemaking is to promote linkage with California's Cap and Trade Program. PacifiCorp applauds Ecology's recognition of the unique Pacific Northwest-specific considerations (e.g. the Mid-C hub and its complex trading practices, and the presence of multiple substations of multiple BAAs) that represent differences from California and thus raise complicating factors about program linkage. PacifiCorp also appreciates Ecology's thorough engagement in recognition of unique MJRP business practices and reporting complexities under the program.

I. Questions about "Electricity wheeled through the state"

Prior to answering the specific questions, PacifiCorp offers the following general comments:

Per regulations, MJRP systems such as PacifiCorp are considered "outside" the state¹-rendering power sourced from those systems that sinks in Washington "imports" to the state. Thus, when PacifiCorp transacts power sourced from its non-network hub called MIDC-NNH, PacifiCorp is the first jurisdictional deliverer if the counterparty of the bilateral agreement will subsequently sink the power in Washington. In these situations, it is possible for PacifiCorp to recover the allowance costs of the obligation it incurs. When a counterparty transacts with PacifiCorp, its willingness to pay the adder captured in its bid signals its intention to sink in the state— so PacifiCorp is protected from needing to adjust for wheel-throughs in its reporting. Thus,

¹ WAC 173-441-124(2) (vi)

PacifiCorp has not attempted to quantify its wheel-throughs in the state and isolate them (on either the source or sink side) to reduce its wholesale obligation under the CCA.

- 1. How should Ecology implement the term “common point”? Should “common point” include or refer to: a single Point of Receipt/Point of Delivery (POR/POD); any PORs/PODs within the same Balancing Authority Area (BAA) located entirely within WA; or something else?**

This question is applicable to BAAs located entirely within the state. PacifiCorp takes no strong position on this issue because its power system is considered outside of Washington.

- 2. How should Ecology implement the term “trading hub” specific to the MID-Columbia (MID-C) area? Should trading hub refer to: the MID-C adjacency only; a broader set of PORs/PODs associated with MID-C transactions. If so, how should these be defined; or something else?**

The Mid-C is unique in that it does not refer to one specific Point of Receipt or Point of Delivery (“POR/POD”) – in fact, it refers to multiple POR/PODs, multiple substations belonging to multiple BAAs, and multiple generation facilities. As articulated in the 2023 White Paper capturing common industry practices,² the Mid-C “adjacency” refers to a single POR/POD created by adjacency agreements. However, transmission schedules on e-tags capturing Mid-C transactions can be associated with multiple source/sink POR/PODs.³ Because the broader purpose of pursuing these rule refinements is to accurately identify imports and wheel-throughs supported by e-tag data— and it is understood that the “Mid-C trading hub” refers to trading that occurs at these specific POR/PODs— “trading hub” should refer to the broader set of POR/PODs at Mid-C.

- 3. For unspecified imports initially sinking at a trading hub, should “wheel throughs” be limited to occurring into and out of the same BAA at the trading hub? (e.g. An Electric Power Entity (EPE) transacting at MID-C and sinking and sourcing from both BAA X and BAA Y, “wheel throughs” would have to be separately calculated for BAA X and BAA Y even if all source PORs/PODs are associated with the MID-C area).**

²Consideration of Electricity Imports and Determination of the Electricity Importer Under the Climate Commitment Act,” March 1, 2023. “<https://ecology.wa.gov/getattachment/b32c1b44-a03d-4103-b919-d5b8245c8e7a/202304EPEWhitePaper.pdf>”

³

- MIDC and CHPD Slice for Chelan’s BAA;
- GCPD, SENA_GCPD, and MSCG_GCPD for Grant’s BAA;
- DOPD.SYS for Douglas’s BAA;
- MIDC for AVAT, PSEI and PGE BAAs; and
- MIDCNNH for the PACW BAA.

PacifiCorp understands this question and example as whether a purchase should be treated as a wheel-through or reported as both an import and an export by each individual BAA when an entity purchases and sells within the same hour, from and to two different BAAs at Mid-C. Because PacifiCorp typically buys from and sinks to its system, it has no strong position on this issue. CARB should likely be consulted as to the treatment of this power to ensure it is acceptable for program linkage, given this situation may not be contemplated in CARB’s program.

4. In the calculation of greenhouse gas emissions associated with imported electricity for MJRPs (i.e., MJRP emission factor calculation), should “wheel throughs” considerations be provided for unspecified electricity purchases sunk to an MJRP’s system? If so, should “wheel throughs” in the MJRP emission factor calculation align with implementation of “wheel throughs” on separate e-tags for electricity that is initially delivered to a point considered within WA?

Since an MJRP’s system is outside the state, all of the activity described above (such as a PacifiCorp purchase at Mid-C that sinks to MIDC-NNH) is irrelevant because it will be captured in the system’s total wholesale activity in the MJRP tool. That power is aggregated into a system emissions factor, and as a system, assumes to serve retail load at its proportionate share. If energy sinks to an MJRP POR, it is not possible to see if the energy served load in the state specifically – this is why a primary advantage of the out-of-state MJRP treatment is that wholesale purchases and sales can be captured in the total system emissions.

II. Questions about “Balancing Energy”

Prior to answering the specific questions, PacifiCorp offers the following general comments:

As noted in its previous set of comments on this issue, PacifiCorp assumes that “balancing energy” refers to power transacted to transmission customers under Federal Energy Regulatory Commission (FERC) Electric Tariff Schedule 9 OATT Generator Imbalance Service.⁴ Currently, PacifiCorp makes no adjustments to its reported system mix that would account for generator customers taking service under this tariff. Therefore, balancing energy is fully accounted for in reporting as is it provided from the same resources within the BAA that provide service to retail load in the BAA. PacifiCorp does not anticipate that energy provided for this purpose will materially affect its system emissions factor and corresponding obligation.

Regardless of its materiality, PacifiCorp’s position is that in principle, this power – while an import to Washington –should be exempted from both reporting and carbon obligations under the program. Transactions between BAAs and third-party generators are non-retail transactions made under FERC tariffs. The generator should incur the reporting and carbon obligations, not the BAA,

⁴ PacifiCorp Open Access Transmission Tariff, Volume 11, Updated October 28 2024, p. 329.
https://www.oasis.oati.com/woa/docs/PPW/PPWdocs/20241028_OATTMaster.pdf

because the BAA does not uniquely tag these transactions and has no knowledge of the downstream assignment of the generator's power. As a BAA, PacifiCorp would not have visibility into these uses.

It should be noted that, in PacifiCorp's case, the ability for any entity to quantify energy provided for this purpose will become much more complex upon the go-live of the Extended Day Ahead Market (EDAM). PacifiCorp has committed to all of its generators' participation in EDAM; additionally, all generators within the BAAs will also participate. OATT Schedule 9 and the concept of isolated system- or generator-customer imbalance will go away, PacifiCorp will not be able to differentiate whether its own energy was provided to serve a discrete imbalance, and power provided those purposes will be incorporated into other organized markets transactions.

1. For balancing energy provided to in-state generators by a MJRP, a multistate BAA without retail load in WA, or a federal system:

a. Is balancing energy provided by the multistate BAA associated with "system energy"?

In PacifiCorp's case, yes. The portfolio of resources within PacifiCorp's BAAs that serve generator customers with imbalance energy, is the mix that serves retail customers.

b. Would it be appropriate to apply a system emission factor or an unspecified emission factor to any balancing energy provided by the multistate BAA?

Because balancing energy is provided by this portfolio of resources (and not with unspecified market purchases other than what are already captured in the system mix) the system emission factor is appropriate to apply.

c. Is balancing energy provided by the multistate BAA generally associated with certain resources (e.g. hydro power or centralized electricity market purchases)?

In a given interval, balancing energy is theoretically provided by resources within PacifiCorp's BAA that are dispatchable either by automatic generation control or manual dispatch. These resources are most likely to be hydro or gas for BAAs in the Pacific Northwest. However, as with any system service, it is not possible to link a specific generator to a specific load service or isolate specific generation.

d. Is balancing energy provided by the multistate BAA fully accounted for by other aspects of EPE reporting?

No adjustments are made to the system's portfolio, or to the load served in Washington, to account for energy provided for balancing energy purposes. Thus, balancing energy is fully accounted for in the MJRP reporting (Workbook 2) during development of the system emissions factor.

2. Ecology also requests feedback from MJRPs on some of the details of their specific MJRP reporting including:

- a. Does the value reported as “WA Retail Sales, MWh” include all electricity provided by the system to WA state, including any balancing power provided to in-state resources, or only retail sales by the MJRP to WA customers?**

The retail sales number – which is ultimately multiplied by the system emissions factor –only represents retail load. Imbalance energy customers are not retail customers of PacifiCorp and are therefore not included in the retail sales number.

- b. Do the resources included in the calculation of the MJRP emission factor (EF) include all resources contributing to system power, including system power used to provide balancing energy to in-state generators?**

Yes. The resources used to provide balancing power are included in the calculation of the MJRP emission factor.

- c. Does the cost allocation method or cost allocation factor account for balancing energy provided to in-state generators separate from costs attributed to WA retail customers?**

No. Cost allocation methodologies are applicable to the costs assigned to Washington retail customers. However, the system emissions factor represents the same allocated mix of resources serving Washington retail load, as would be provided to in-state generators.

CONCLUSION

PacifiCorp appreciates the opportunity to provide comments in response to Ecology’s questionnaire. Thank you for your thoughtful consideration of this program. We look forward to further discussion.

Sincerely,

/s/ Kieran O’Donnell

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