

TransAlta

Please find attached TransAlta's comments in response to Ecology's feedback on November 19.



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RE: Rulemaking - Informal Public Comment Period for Chapter 173-441 and -446 WAC - Linkage Rulemaking - Electricity Considerations

TransAlta Energy Marketing (U.S.) Inc. (TEMUS) appreciates the opportunity to submit comments in response to the Washington Department of Ecology’s (Ecology) Linkage Rulemaking Meeting on Electricity Topics held on November 19, 2024.

TransAlta owns and operates over 700 MW of generation capacity in Washington and transacts physical and financial wholesale power across multiple markets including AESO, CAISO, Mid-C, DSW, SPP, PJM, MISO, ISO-NE, ERCOT, and NYISO, as well as trading in environmental markets across Canada and the US. Given its activities in Washington state and in connected electricity markets across the western United States, TransAlta has a vested interest in understanding the proposed impacts and requirements of linkage with Québec and California.

Summary

TEMUS recommends a “simpler is better” approach whenever possible, and because of this TEMUS would have preferred that wheel-throughs be accounted for using hourly netting of schedules at the border approach. However, given the Senate Bill 6058 has anchored accounting for wheels on the definition of a “common point” and “trading hub”, a methodology that captures both concepts would be ideal. TEMUS believes that the second option presented by Ecology involving scheduling points in the same Washington Balancing Area Authority (BAA), could potentially accomplish this as well as reflect the reality of electricity transactions and transmission constraints.

As an electricity generator and marketer, TEMUS is very concerned about implementing Ecology’s proposals to account for balancing energy. While TEMUS certainly empathizes with Ecology’s goal to capture all emissions, the complexity of the proposals – assuming that they could be implemented – would be disproportionately administratively burdensome compared to the amount of emissions tracked. Instead, TEMUS recommends that Ecology choose a simpler approach by trueing-up the emissions on an aggregated basis with BAAs, instead of

by individual transactions, and then directly assigning cost responsibility based on measured demand.

In addition to the feedback requested at the November 19 meeting, TEMUS recommends several revisions to the program's registration requirements to reduce administrative burden and facilitate linkage with California and Québec.

Comments

Wheel-Throughs – Common Points

TEMUS appreciates the additional consideration that Ecology has given to defining electricity transaction wheeling-through Washington. Of the two options that Ecology presented on November 19 regarding the definition of "common point", TEMUS recommends that Ecology adopt the second option as it more closely reflects the operationalization of wheeling through a multi-BAA state.

The reality of transmission constraints and resulting rescheduling make using Option #1, defining a "common point" as a single point of receipt (POR) or point of delivery (POD), problematic. The narrowness of this approach would exclude a significant number of wheeling transactions.

Since "electricity initially sunk to or provided from a federal system or multi-state BAA system is not considered delivered to or delivered from WA" then Option #2, defining a "common point" as any PORs/PODs within the same BAA located entirely within Washington is a more encompassing approach than Option #1 while also reducing the complexity of determining compliance.

Wheel-Throughs – Trading Hub

The use of MIDC to define wheel-throughs could be difficult because MIDC is not a physical location while the compliance framework is based on e-tags. TEMUS agrees with other stakeholders that attempting to define a "trading hub" could result in an overly complex compliance structure when wheels through MIDC will be captured by Option #2 for defining a "common point" (i.e. any PORs/PODs within the same balancing authority area (BAA) located entirely within Washington).

Balancing Energy

Regarding balancing energy provided to in-state generators by multistate BAAs, TEMUS disagrees with Ecology's proposal to assign the compliance obligation to the resource owner or operator, and not the multistate BAA.

As Ecology noted in the November 19 meeting, balancing energy is untagged, which makes compliance and reporting extremely difficult if the obligation is assigned to in-

state resources. In addition, Ecology's proposal could trigger an administrative burden and compliance cost to a small generator that it would otherwise not have, invertedly creating a disincentive for smaller renewable generation to locate in Washington.

TEMUS expects that the amount of balancing energy provided to in-state generators by multistate BAAs will be relatively small and does not justify a complex compliance assignment process. Instead, and consistent with Ecology's definition of balancing energy as "untagged energy provided by a balancing authority for the purposes of supporting unplanned fluctuations in a generating unit's energy production", TEMUS recommends that it be accounted for via a true-up mechanism by the multi-state BAAs and proportionally assigned to measured load.

TEMUS agrees with other stakeholders that the emission factor for balancing energy provided by a multi-state BAA to in-state generators would best be determined by the multi-state BAA itself, congruent with the true-up recommendation.

Implementation/ Compliance

In addition to our responses to Ecology's requested feedback for comment, TEMUS has two additional recommendations related to compliance and registration with WAC-173-441 - 446.

OATI Point-State Mapping Report

To comply with the requirements under WAC-441, it is necessary to purchase the Point-state Mapping Report from Open Access Technology International (OATI).

Given that the compliance scheme relies on the verification of e-tags, the **only** way to ensure accuracy requirements under WAC 173-441-085(3)(b)¹ is to use this Report to identify all the POR/PODs within the state. Thus, because accuracy and compliance with Ecology's Rules is virtually impossible without it, this Report should be made available to all EPEs each year.

The Report is not publicly available but can be purchased at the current cost of approximately \$10,000 per year per state. This is a non-trivial cost for market participants, especially independent power producers generating a relatively small amount of energy. TEMUS recommends that the cost be included in Ecology's annual reporting fee under RCW 70A.15.2200 (2).

¹ The absolute value of any discrepancy, omission, or misreporting, or aggregation of the three, must be less than five percent of total reported emissions (metric tons of CO₂e) or the verification will result in a material misstatement and an adverse verification statement. This standard also separately applies to any product data in the annual GHG report.

Registration Requirements

TEMUS recommends that Ecology adopt minor revisions to the program registration requirements to align with California.

Like California under Title 17-9583(c)(5), WAC 173-446-130(8) allows the designation of an in-state agent to be appointed as an account representative for covered entities located outside the state. However, WAC-446-130(1)(b)(iv) appears to still require account representatives to hold an account with a US bank based on a primary address in Washington state. TEMUS recommends that Ecology amend this requirement to mirror the alternative provided in California under 17-95834(b)(4)(B):

Exception to open bank account in the United States: This applies to a Registrant who will only represent a covered entity located outside of the United States that has no authorized personnel residing in the United States and that cannot provide proof of an open bank account in the United States. Registrant may provide proof of an open, personal bank account in the country in which the covered entity is located. The Registrant's employer must also submit an attestation signed by an officer or director along with the proof of open bank account documentation. Refer to Section 95834(b)(4)(B) of the regulations for further details.

In addition, California recognizes the registration of covered entities in linked jurisdictions under 95830(g)(4). TEMUS recommends that Ecology revises the registration requirements so that registration in a linked jurisdiction is recognized and covered entities are not required to register separately in every linked jurisdiction.

TEMUS looks forward to collaborating with the Ecology and stakeholders on the important work to implement the CCA.

Yours truly,



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