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Submitted via Web Portal

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RE: Linkage Rulemaking Electricity Considerations

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. Subsequently, Ecology hosted a public meeting on November 19, 2024, on electricity considerations under the rulemaking, specifically with respect to electricity that is wheeled through the state and balancing energy.

The Public Generating Pool (PGP) is a trade association representing eight consumer-owned utilities in Washington and one in Oregon that own and operate their own generating resources. PGP offers the following comments and responses to the questions for feedback posed by Ecology at the November 19th meeting. PGP appreciates the opportunity to comment at this early stage of the rulemaking.

Electricity Wheeled through the State

E2SSB 6058, Ecology’s 2024 agency request legislation aimed at facilitating carbon market linkage with California and Quebec, amended the definition of “imported electricity” under the Climate Commitment Act (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.

With respect to the specific questions posed by Ecology on “electricity wheeled through the state” on separate e-tags, PGP echoes and supports the responses submitted by the Western Power Trading Forum (WPTF) to those questions in the present comment period.

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:

The legislation gave Ecology the discretion to adopt a definition of “electricity importer” for balancing energy but does not require it. PGP encourages Ecology to forego adopting a definition for the “electricity importer” of balancing energy at this time.

The provision of balancing energy to generating resources, particularly variable energy resources (VERs), by balancing authorities (BAs) is a service required by the Federal Energy Regulatory Commission (FERC) and should not necessarily be treated as a discrete electricity “import” for the purposes of either Washington’s greenhouse gas reporting requirements or the Cap-and-Invest Program. PGP believes balancing energy provided by BAs to in-state VERs to be de minimis to zero when evaluated on a net basis on longer timescales, such as monthly, quarterly, or annually, due to BA mechanisms that incentivize resource operators to keep scheduled output as close as possible to metered generation, such as persistent deviation charges. Any association of an emissions factor to balancing energy is expected to overstate the actual emissions impact of this energy, and could possibly result in double counting of emissions.

The provision of balancing energy is also expected to change as Washington utilities and in-state generating resources increasingly opt into regional centralized electricity markets, at which point the regional market footprint will provide the imbalance energy for a generating resource, rather than the BA in which the resource is located.

Conclusion

PGP appreciates the opportunity to comment on electricity considerations under Ecology’s Linkage Rulemaking. PGP looks forward to participating in any forthcoming Cap-and-Invest Electricity Forums and engaging in this rulemaking as it continues to develop.

Sincerely,

/s/ Mary Wiencke

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