

December 20, 2024

Submitted Via Web Portal

Nikki Harris, Environmental Planner
Washington Department of Ecology
Climate Pollution Reduction Program
PO Box 47600, Olympia, WA 98504-7600

Re: Linkage Rulemaking Electricity Considerations; Informal Comments of Puget Sound Energy – December 2024

In response to the Department of Ecology's (Ecology) request for feedback, Puget Sound Energy (PSE) submits the following comments regarding potential revisions to electricity topics in Chapter 173-446 WAC and Chapter 173-441 WAC to facilitate the option of linking Washington's carbon market with the California-Quebec carbon market. By way of background, PSE is Washington State's oldest and largest utility company. PSE is an investor-owned utility serving more than 1.2 million electric customers and nearly 900,000 natural gas customers in the greater Puget Sound region.

Comments:

As stated in previous comments, PSE is highly supportive of linkage given the many benefits for Washington's program including efficiently driving greater emissions reductions and sustaining the ambition of the program. Further, Washington's program is well-positioned to link to the California-Quebec market and linkage best fulfills the requirements of the Climate Commitment Act (CCA).

Additionally, PSE appreciates the intentional engagement of the electricity industry to work through complex issues specific to this sector. We encourage Ecology to continue to engage this stakeholder group moving forward as additional program and rule changes are considered.

The following are PSE's responses to specific questions posed by Ecology for the public comment opportunity.

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?

PSE recommends using a single Point of Receipt/Point of Delivery (POR/POD) for the term "common point" for the purposes of streamlining and consistency in reporting to avoid the potential to mismatch schedules. However, PSE could accept the approach of using any PORs/PODs within the same Balancing Authority Area (BAA) located entirely within Washington given adequate guidance and training from Ecology. If adopting that approach, PSE would request that Ecology provide robust guidance and training to Washington-eligible

verification bodies as to what specific documentation is adequate to demonstrate electricity has been wheeled through the state.

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?

PSE is supportive of the comments made by the Western Power Trading Forum (WPTF) on December 20, 2024 in response to this question. Specifically, while SB 6058 language refers to a common point of trading hub, we believe the intention was to recognize the “hubbing” practice described in WPTF comments as a legitimate way of wheeling electricity through the state.

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

For this specific question, PSE has to consider the balancing energy that is provided by the Bonneville Power Administration (BPA) for PSE’s Lower Snake River wind resource. At this time, BPA is not participating in the Cap-and-Invest program. Generally, PSE believes it would be appropriate to apply an asset-controlling supplier emissions factor to this balancing energy if it meets the following criteria: (1) BPA does not believe that balancing energy it provides, and the balancing energy not provided by the Western Energy Imbalance Market to in-state generators, is fully accounted for by other aspects of EPE reporting and (2) if BPA has applied for, and received, an asset-controlling supplier designation.

Thank you for the opportunity to provide comments regarding electricity considerations in the Linkage Rulemaking. PSE looks forward to future engagement opportunities. Please contact Kassie Markos, Manager of Public Policy and Public Funding, at Kassie.Markos@pse.com, for additional information about these comments.

Sincerely,

/s/ Kassie Markos

Kassie Markos
Manager, Public Policy and Public Funding
Puget Sound Energy
355 110th Ave NE
Bellevue, WA 98004
206-258-0308