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Responses to Ecology's Questions, Distributed 11/19/24, Related to the Cap-and-Invest Linkage Rulemaking

The Energy Authority (TEA) is a public power-owned, nonprofit corporation that provides portfolio management services to public power utilities across the United States. TEA partners with over 60 public power clients, managing approximately 30 GW of peak load and 25 GW of generation in North America's organized and bilateral wholesale energy markets, including the Pacific Northwest and California regions. TEA provides carbon management and compliance reporting services to 15 Washington utilities with a combined total retail load of nearly 20,000 GWhs. TEA appreciates the opportunity to provide comments to the Department of Ecology on revisions to the Greenhouse Gas Reporting Rules to facilitate linkage to the programs of California and Quebec.

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

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

We believe it may be appropriate to associate balancing energy with "system energy" in certain circumstances. Assuming the term "system energy" refers to an Asset Controlling Supplier (ACS) system, it may be appropriate to assume that electricity imports and point source emissions that support balancing energy provided by an ACS are captured in the emissions reporting that is used to calculate the ACS system emissions factor. Identifying the specific resource providing balancing energy is very difficult and likely impossible. However, it is our understanding that most or all balancing energy provided by a multistate BAA to an in-state generator will be accounted for under the existing GHG reporting frameworks.

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

The emissions factor used for balancing energy emissions is largely immaterial if the MWh volume of balancing energy that contains emissions is properly accounted for. Variable energy resources (VER's) are forecast and scheduled two hours before the flow hour. Given energy production from VERs relies on environmental conditions, over a short period of time, a VER may have scheduled output greater than or less than its metered generation due to forecast error. However, when evaluating a VER's imbalance over a longer time period, such as over the course of a year, a VER's scheduled output reverts to the mean and tracks closely to the metered output. Due to balancing authority mechanisms that incentivize market participants to keep scheduled output as close as possible to metered generation, such as persistent deviation charges, the discrepancy between metered and scheduled generation does not follow a consistent over or under scheduling trend. Further, we believe

assigning system emissions to balancing energy without recognizing resource over schedule on a "net" basis would result in the double counting of emissions.

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

TEA's partners do not operate any multistate BAA's and cannot say with confidence that balancing energy is associated with any specific resources. However, a large portion of the generating resources in Washington and nearby states are storage hydro. Given the synchronous generation of storage hydro make it uniquely suited to provide grid stability, it is likely that most balancing energy in Washington is provided by storage hydro.

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

It is our understanding that nearly all balancing energy emissions are already accounted for under the existing EPE GHG reporting framework, but we do recognize there may be a negligible amount of balancing energy that goes unreported. If Ecology determines it is necessary to account for that very difficult to quantify and likely negligible amount of unreported emissions, we believe it is important that Ecology consider a "net" approach that examines both resource over schedule and under schedule.

Conclusion

TEA recommends that Ecology strike the language modifying of the definition of electricity importer to identify an importer for balancing energy for in state resources in multistate balancing authority areas. Failure to strike this definition would likely lead to double counting of emissions, and this would disproportionately impact non-emitting variable energy resources.

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