

May 20, 2025

Submitted via Ecology's Online Public Comment Form

Washington Department of Ecology
Climate Pollution Reduction Program
P.O. Box 47600
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Re: PacifiCorp's Comments on Ecology's Draft Rule WAC 173-441-124, Released April 20, 2026, Regarding Electricity Imports and Centralized Electricity Markets

On April 20, 2026, the Washington Department of Ecology (Ecology) requested comments on draft updates to WAC 173-441-124, regarding the treatment of electricity imports and centralized electricity markets (CEMs) in the calculation of greenhouse gas emissions for electric power entities. In addition, On May 5, 2026, Ecology hosted a public workshop further explaining its draft rules. PacifiCorp d/b/a Pacific Power (PacifiCorp) respectfully submits the following comments in response to Ecology's draft updates to WAC 173-441-124.

I. Ecology Should Provide Clarification on the Revision to the "Retail Sales" Definition

Ecology has proposed a revision to the definition of "Retail sales" in WAC 173-441-124(2)(gg) to exclude "self-consumption by a retail supplier or electricity produced for onsite consumption that was not sold to an end-use customer by the retail supplier." PacifiCorp generally supports excluding megawatt hours (MWhs) that were not sold to retail end users from the definition of "Retail sales." However, PacifiCorp requests Ecology clarify what it means by "self-consumption" and "electricity produced for onsite consumption that was not sold to an end-use customer by the retail supplier." Ecology notes in the preamble table of the draft rules document that "retail sales" does not include "losses." However, "losses" is not used in the revised rule definition. PacifiCorp suggests that Ecology confirm that "Retail sales" is comprised exclusively of energy delivered through a retail customer's meter and does not include energy used at the utility's owned sites.

II. Ecology Should Provide Clarification on the New Data Sharing Requirement

Ecology has proposed a new rule that would require balancing authorities operating in Washington to "provide written authorization for data sharing to support verification and analysis of market transactions and associated emissions[.]" WAC 173-441-124(1)(d). However, the draft rule lacks the clarity necessary for successful implementation.

First, the stated purpose of the data sharing requirement is broadly described as to "support verification and analysis of market transactions and associated emissions." However, during the May 5, 2026, public workshop, Ecology staff described the purpose of the data sharing re-

quirement more narrowly as supporting the mapping of points of receipt (POR) and points of delivery (POD) in and outside of Washington. PacifiCorp is concerned that the current rule is too broad and could be interpreted expansively to include additional data outside the scope of mapping POR/PODs. Ecology should clarify and narrow the proposed data sharing rule to describe more precisely what information and data must be shared.

Second, the rule does not clearly define who must be a party to the data sharing authorization agreement. PacifiCorp assumes that the rule is intended to require a data sharing authorization agreement between the balancing authority and Ecology. However, during the May 5, 2026, public workshop, Ecology staff indicated that the agency is seeking data from the Open Access Technology International, Inc. (OATI). Ecology should clarify which parties the balancing authority would need to execute the agreement with.

Under California's Cap-and-Invest program, the California Air Resources Board has a long-standing subpoena in place with the California Independent System Operator (CAISO) to obtain information regarding market transactions. PacifiCorp suggests that Ecology host a discussion with experts on current data sharing practices under California's cap-and-invest program to create a shared understanding of which data is required to be shared and how it is sourced, used, managed, and securely stored.

III. PacifiCorp Supports Ecology's Revised Resource Registration Rules

PacifiCorp supports Ecology's proposed revisions to the specified resource registration requirements under WAC 173-441-124(3)(f). Ecology's proposed revisions will reduce administrative burden by removing the requirement to provide unnecessary and redundant information without any loss to transparency. In addition, Ecology's proposed revisions largely match the proposed analogous rule changes by the California Air Resources Board (CARB). Similar requirements in Washington and California add to administrative efficiencies for PacifiCorp, as a multijurisdictional electric company that operates in both states. Finally, PacifiCorp appreciates and supports Ecology's approach to the requirement to provide a resource's physical address as its mailing address – and giving the reporter the *option* to report longitude and latitude geographic coordinates. PacifiCorp has asked that CARB apply a similar approach to the physical address reporting requirement in California.¹

¹ PacifiCorp's Comments on CARB's Initial Statement of Reasons on Cap-and-Invest Program and Mandatory Reporting Rule Changes, March 9, 2026, available here: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid377/did200184/pid_213313/assets/merged/760rib1dhof_document.pdf?v=42855

IV. Ecology Should Clarify How it Will Apply the New “Market Purchaser” Definition to Multijurisdictional Electric Companies.

As an initial matter, Ecology has defined a new term, “Market purchaser” in WAC 173-441-124(2)(qq),² but has not used that exact term anywhere else in the draft rules. PacifiCorp assumes this is a scrivener’s error, and that Ecology’s use of “Markets purchaser” in WAC 173-441-124(3)(g) should be read as “Market purchaser.” (emphasis added).

It is unclear how Ecology intends the term “indirectly” to be applied within the definition of “Market purchaser.” The definition of “Market purchaser” states, in part:

"[a]n electrical distribution utility is considered to have purchased electricity through a centralized electricity market in a given data year if, during any five-minute interval in the data year, the electrical distribution utility serves Washington load through energy purchased directly from a centralized electricity market, or through energy purchased indirectly from a centralized electricity market through a scheduling coordinator."

The rule does not make clear whether indirect market purchases are intended to include: 1) circumstances in which a load-serving entity within a balancing authority area participating in a centralized electricity market relies on market dispatch to serve its load, or 2) transactions in which a scheduling coordinator exports electricity from a centralized electricity market into the bilateral market, potentially resulting in the receiving utility being characterized as an indirect market purchaser. PacifiCorp requests that Ecology provide additional clarification regarding the distinction between direct and indirect market purchasers.

Finally, it is unclear how the new requirements imposed on market purchasers in WAC 173-441-124(4)(g) would apply if the market purchaser is also a multijurisdictional electric company. For example, WAC 173-441-124(4)(g)(i) requires the market purchaser to report “[t]otal annual electricity purchased (MWh) from each centralized electricity market.” Under the current reporting rules, PacifiCorp already reports Washington’s cost allocated share of EIM purchases, but not the total EIM system purchases. If Ecology requires PacifiCorp to report total system EIM purchases and Washington’s cost allocated share of EIM purchases (similar to reporting for bilateral unspecified purchases) it should ensure that PacifiCorp only incurs a Climate Commitment Act (CCA) obligation in Washington for Washington’s cost allocated share of EIM purchases. PacifiCorp has previously provided Ecology with extensive comments and detail on how it, as a multijurisdictional electric company, procures power for its common power pool.³

² The draft rules have mislabeled the term “market purchaser” as subpart “pp.” It should be labeled with subpart “qq.”

³ PacifiCorp’s Informal Comments on Ecology’s June 26, 2025, Cap-and-Invest Linkage Workshop on Centralized Electricity Markets, July 30, 2025, available here: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_210619/assets/merged/rv0mid04h80_document.pdf?v=37945

V. Ecology Should Amend the New Definition of “Electricity Importer” in WAC 173-441-124(2)(f)(xi) to Provide Flexibility for Contracting Parties and Ensure all Washington Electricity Customers Benefit from No Cost Allowances under the Climate Commitment Act

Ecology’s new definition of “Electricity Importer” in WAC 173-441-124(2)(f)(xi) will likely apply to a proposed power purchase agreement (PPA) between PacifiCorp and PGE associated with an asset purchase and service area transfer agreement whereby PacifiCorp agreed to sell certain Washington-based assets and transfer its Washington service area to PGE, who agreed to assume PacifiCorp’s obligations to provide electric service subject to the jurisdiction of the Washington Utilities and Transportation Commission. Upon approval of the transaction, PGE will become the Washington retail provider for the Washington service area subject to the CCA and the Clean Energy Transformation Act (CETA). In addition, upon close of the transaction, the Washington service area will need to remain in PacifiCorp’s balancing authority area for up to 3 years, until such time as PGE is ready to be the balancing authority.

Under Ecology’s proposed new definition of “Electricity importer” for electricity scheduled to a discrete Washington load inside a multi-state balancing authority area operated by a multijurisdictional electric company, the purchasing-selling entity (PSE) on the last segment of an e-tag’s physical path with the POR outside of Washington and POD inside of Washington will be the electricity importer and will incur an emissions obligation under the CCA. If PGE is the electricity importer under the draft rule, then it will incur the obligation. And, since it will be a Washington retail provider subject to CETA, it will be eligible to receive no cost allowances to offset the cost of the emissions obligation associated with the PPA. RCW 70A.65.120(1). However, if PacifiCorp is the electricity importer under the draft rule, PacifiCorp will not be eligible for no cost allowances and Washington electric customers will bear additional costs.

PacifiCorp recommends that Ecology amend its draft rule to provide the parties flexibility in contracting to maintain continuity of service and ensure all Washington electric customers receive the full benefit of the CCA’s provision of no-cost allowances. PacifiCorp’s proposal would allow the contracting parties to determine which PSE on the e-tag is the “electricity importer.” Additions to the draft rule are underlined below:

(xi) For electricity that is scheduled with an e-tag to a discrete Washington load or Washington designated scheduling point inside a multi-state balancing authority area operated by a multijurisdictional electric company, that is not served by the multijurisdictional electric company, the electricity importer is either:

(A) identified in a commercial agreement between all purchasing-selling entities on the e-tag’s physical path as one of the purchasing-selling entities on the e-tag’s physical path; or

(B) if there is no commercial agreement subject to subpart (A), identified on the e-tag as the purchasing-selling entity on the last segment of the tag's physical path with the point of receipt located outside Washington state and the point of delivery located inside Washington state;

PacifiCorp's proposal is narrowly tailored and will ensure the best results for Washington electric customers. By allowing the contracting parties to mutually choose which PSE will be the electricity importer, the rule would preserve the benefit of no cost allowances for Washington electric customers by allowing PGE, the entity serving Washington retail load, to be the electricity importer, regardless of which leg in the e-tag's physical path it is the PSE. In addition, the contracting parties could maximize existing business advantages or transmission arrangements to pass on the most value to Washington electric customers and ensure customers are not incurring higher CCA compliance costs as a result of the transaction. PacifiCorp's proposal ensures the continuity of service to Washington customers through the PPA without adding any additional costs.

Regardless of which PSE is the electricity importer under the PPA, the emissions associated with the PPA will be subject to the CCA – there is no potential for unaccounted emissions with PacifiCorp's proposal. However, the flexibility in PacifiCorp's proposal above ensures that all Washington electricity customers, and their retail providers, receive the equal benefit of no cost allowance distribution. Without this flexibility, Ecology may inadvertently create an unequal and unjust application of the CCA's no cost allowance provision – a lynchpin for electric utilities to decarbonize and continue to provide safe, reliable, and affordable power to all Washingtonians.

If Ecology rejects PacifiCorp's targeted proposal and relies on the parties to contract for compliance costs, Washington retail customers may bear the burden of additional CCA costs in direct contravention to a core statutory design of the act. For example, if PacifiCorp is the electricity importer under the proposed PPA and must procure allowances at auctions or on the bilateral market to meet its obligation, it will incur costs that exceed the total price of the allowances it procures. It will incur transaction costs, including bid guarantee fees, broker commissions, and administrative costs. Even if PGE were to receive no cost allowances for the emissions associated with the PPA without serving as the electricity importer, and were to perfectly time the consignment of those allowances to align with PacifiCorp's incurred compliance costs, the proceeds would still not fully offset PacifiCorp's costs. As a result, if Ecology rejects PacifiCorp's proposal, it would create an unnecessary and costly outcome for Washington retail customers, contrary to the CCA's explicit direction to mitigate costs for electricity customers.

VI. Ecology's Treatment of Electricity Wheeled Through the State Must be Consistent with the CCA

Ecology's treatment of electricity wheeled through the state in the proposed revision to the data requirements and calculation methods section of the rule, WAC 173-441-124(3)(a)(iii)(C), is unclear and may be inconsistent with the plain language of the CCA. First,

the draft rules conflate “electricity wheeled through the state” with “imported electricity,” even though electricity wheeled through the state is, by definition, not imported electricity. The draft rules define the term “electricity wheeled through the state” precisely as it is defined in statute.⁴ Similarly, the draft rules align with the statutory definition of “imported electricity,” by excluding “electricity wheeled from the state” from the definition of “imported electricity.”⁵ Therefore, “electricity wheeled through the state” is categorically not “imported electricity” and does not incur an obligation under the CCA. However, Ecology is now proposing in WAC 173-441-124(3)(a)(iii)(C) that entities report the amount of “*electricity imports of unspecified electricity that are wheeled into and out of Washington[.]*” Ecology may require reporting of “electricity wheeled through the state,” but by calling it an “electricity import” Ecology has conflated the clear meaning of “electricity wheeled through the state” as not “imported electricity.” Ecology’s attempt to replace the condition that required the reporting of imported unspecified power “netted by exports” within the same hour with the definition of electricity wheeled through the state has introduced significant ambiguity into the draft rules.

Second, it appears Ecology is attempting to introduce a new condition on the definition of “electricity wheeled through the state” by requiring different reporting requirements depending on whether another “linked jurisdiction has adopted rules accounting for electricity imports wheeled into and out of Washington on a separate e-tags.” This appears to go beyond the agency’s discretion in defining what electricity is “electricity wheeled through the state,” a term that is already clearly defined in statute. Finally, Ecology should replace the word “wheels” in WAC 173-441-124(2)(jj) with “electricity wheeled through the state” to be consistent with the definition.

VII. Ecology Should Address Energy Storage System Emissions Accounting in this Rulemaking

To date, Ecology has not published draft rules related to how and when energy and emissions from energy storage systems (ESSs) must be reported and calculated, nor has it defined the term ESS. PacifiCorp recommends that Ecology at least minimally address ESS reporting requirements in the next round of draft rules within this rulemaking so that stakeholders have adequate time to analyze the draft language and plan for reporting year 2027. As stated in PacifiCorp’s past comments,⁶ the company generally supports CARB’ draft ESS rules⁷ and encourages Ecology to propose similar draft rules to ensure consistency between the jurisdictions.

⁴ See RCW 70A.65.010(28) and draft rule WAC 173-441-124(2)(pp).

⁵ See RCW 70A/65.010(43)(d) and draft rules WAC 173-441-124(2)(q)(iv)

⁶ PacifiCorp’s Informal Comments on Ecology’s February 5, 2026, Centralized Electricity Markets and Electricity Import Topics (workshop), dated February 20, 2026, available here: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_210619/assets/merged/rf09i4pfcfm_document.pdf?v=15550

⁷ California Air Resources Board, Appendix A-1, Proposed Regulation Order, Proposed Amendments to the Regulation for the Mandatory Reporting of Greenhouse Gas Emissions, dated January 20, 2026, available here: https://ww2.arb.ca.gov/sites/default/files/barcu/regact/2026/mrr/app_a-1.pdf

VIII. Conclusion

PacifiCorp appreciates the opportunity to provide comments in response to Ecology's draft rule WAC 173-441-124, released April 20, 2026, regarding electricity imports and centralized electricity markets.

Sincerely,

A handwritten signature in blue ink, appearing to read "Kieran O'Donnell".

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