

February 20th, 2026

Attn: Camille Sultana
Washington Department of Ecology
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RE: Ecology Feedback Request on Centralized Electricity Markets and Electricity Imports (WAC 173-441-124)

Avista Corporation d/b/a Avista Utilities (Avista), respectfully submits the following comments as part of the Washington Department of Ecology's (Ecology) ongoing Cap-and-Invest Program Updates and Linkage Rulemaking. Ecology first introduced potential updates to these rules in June 2025, including proposed changes related to the treatment of electricity wheeled through the state. As a multijurisdictional utility, Avista qualifies as an Electric Power Entity and has a strong and direct interest in the design, implementation, and operational mechanics of the centralized electricity markets, particularly as they relate to interstate electricity imports and compliance obligations.

Electricity wheeled through the state

- *Is there a difference between the ACS or MJRP selling unspecified power versus selling "system" power? In other words, can an ACS or MJRP sell unspecified power that is distinct from the ACS or MJRP "system" power?*

Yes, there is a clear distinction between the two, and they should not be grouped together. ACS transactions are based on their average system emissions factor, which may reflect historical data and therefore can be subject to a timing lag. In contrast, MJRP purchases and sales occur at the unspecified power rate, which does not rely on system-average emissions data. Because these mechanisms operate on fundamentally different pricing and emissions-accounting structures, treating them as equivalent would create confusion and inaccurately represent their respective market functions.

- *For MJRP EF calculations, how should the "wheel-through" concept be consistently applied across the MJRP reporting tool, including the "Unspec Purchases" and "WA WSP Unspec Purch" tabs?*

Avista recommends that Ecology explicitly recognize the term *common point* as encompassing the aggregation of all Points of Receipt (PORs) and Points of Delivery (PODs) located outside the state of Washington. While many commenters requested clarification on how PORs and PODs should be treated, Avista maintains that this feedback was not intended to support the creation of a single common point for all transactions. Instead, the intent is to differentiate between two distinct common points: one for locations within Washington and another for those outside the state. This distinction is essential for accurately determining interstate balancing and assigning ultimate responsibility in energy transactions. Additionally, Avista would like to reiterate the importance of clearly defining a *Common Point* as:

Common Point: *for purposes of identifying electricity wheeled through the state by a BAA and MJRP two common points are defined as (a) the combined PORs and PODs located within the state and (b) the combined PORs and PODs located outside the state.*

Furthermore, Avista agrees that PORs and PODs should be considered “in-state” when they are physically located within Washington’s boundaries, even if they fall under the jurisdiction of a multi-state balancing authority. This approach appropriately reflects the physical location of the resource rather than the broader administrative footprint of the BAA. However, PORs and PODs associated with a multistate BAA common point should not be grouped together with PORs and PODs that exist entirely within Washington. Keeping these categories distinct is essential to maintaining clarity in how transactions are tracked, how emissions obligations are assigned, and how balancing responsibilities are ultimately determined.

For example, Avista’s point **AVA.SYS** would continue to be treated as a POR/POD situated outside the state of Washington. As such, it would be included in the “Outside WA” common point, consistent with the framework described above. This differentiation ensures that out-of-state system points are accounted for accurately and prevents unintended commingling of resources that could distort reporting or compliance determinations.

Energy Storage Systems

- *Should Ecology prioritize this rulemaking incorporating an ESS framework into 173-441-124 as summarized above or with amendments?*
- *How soon are ESSs likely to support imports into WA? Are ESSs anticipated to support imports into WA in the next three years?*
- *If an ESS framework is not incorporated in this rulemaking, how should Ecology address any imports from ESSs that occur before an ESS framework is incorporated into rule?*

Avista recommends that Energy Storage Systems (ESS) be defined as “load” during charging, with the explicit exclusion of distribution system loss rates. Under this approach, ESS charging would incorporate only the standard 2% transmission loss factor in its load calculation. This distinction is important because it enables more accurate tracking of emissions associated with the charging cycle over time, ensuring that the carbon intensity of stored energy is measured based on the conditions present at the moment of charging, rather than being influenced by unrelated distribution-level losses.

Additionally, Avista recommends that ESS be designated as “carbon-free” upon discharge. This definition reflects the principle that the emissions profile of stored energy should follow the charging event rather than the discharging event, and that energy released from storage does not inherently carry new emissions. By clearly defining ESS discharge as carbon-free, Washington can align its treatment of storage with emerging best practices and provide regulatory consistency as utilities expand their use of storage resources.

Avista tentatively anticipates deploying its first utility-scale ESS no earlier than 2029. At this time, the primary purpose of this resource is expected to be supporting imports into Washington as well as enhancing reliability and operational flexibility across Avista’s broader, multi-state service territory. As planning continues, it will be critical that Washington’s regulatory framework provides clear, consistent definitions to ensure accurate emissions accounting and to support efficient integration of storage into regional markets.

Composite Source Generation Sources

- *Provide feedback on how “composite source” accounting could be incorporated in a manner consistent with the existing EPE reporting framework in rule and that preserves the environmental integrity of the Cap-and-Invest Program.*

Composite source accounting offers a more precise and comprehensive representation of actual system operations and associated emissions levels, providing a clearer picture of how energy is produced, delivered, and consumed across the grid. By more accurately aligning reported emissions with actual system behavior, this approach would significantly strengthen the environmental integrity of the program and enhance confidence in its emissions-accounting framework.

Avista urges Ecology to maintain consistency with the guidance already established, including the joint White Paper (“Paper”) submitted by multiple utilities, PUDs, and energy coalitions. Ecology staff formally acknowledged receipt of the Paper and its accompanying attachments on May 23, 2023, and much of the terminology, analysis, and illustrative examples it contains, remain directly relevant to the current rulemaking. In particular, the Paper provides valuable clarity on wheel-through transactions and the use of composite source Points of Receipt (PORs), both of which are central considerations in this phase of the Cap-and-Invest program. Maintaining alignment with these previously vetted concepts will support regulatory continuity, reduce ambiguity for market participants, and ensure that compliance structures reflect the operational realities of Washington’s energy system.

Avista appreciates the opportunity to participate in this important component of the Cap-and-Invest rulemaking process. As a utility serving thousands of electric customers, we value ongoing dialogue with Ecology and other stakeholders to ensure that the program remains both environmentally robust and economically sustainable. These discussions are essential to prioritizing customer affordability, preserving reliable service, and supporting clear, consistent implementation of the state’s regulatory framework. If Ecology staff would like to discuss these comments further or request additional information, please contact Janna Dubnicka at Janna.Dubnicka@Avistacorp.com.

Sincerely,

/s/ Janna Dubnicka

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