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Submitted via Web Portal

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RE: Ecology June 26th Cap-and-Invest Workshop on Centralized Electricity Markets & Electricity Imports

On June 26, 2025, the Washington Department of Ecology (Ecology) hosted a Cap-and-Invest workshop on centralized electricity markets (CEMs) and electricity imports under its ongoing Cap-and-Invest Program Updates and Linkage Rulemaking. 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 respectfully offers the following comments on select areas of requested feedback outlined at the June 26th Cap-and-Invest workshop.

Topic: Refining Imported Electricity Definitions

I. Addressing backstop provisions for a federal power marketing administration (FPMA, i.e., BPA) deemed market importer

Under the Climate Commitment Act (CCA) statute as amended by E2SSB 6058 (2024 c 352 s 11), the Bonneville Power Administration (BPA) has the discretion to voluntarily opt into the Cap-and-Invest Program and assume the compliance obligations associated with either all electricity it markets in Washington State (WA), or only the electricity marketed in the state through a CEM. Ecology's final rules adopted December 3, 2024, under the Electricity Markets Rulemaking appropriately reflected this optionality, but deferred establishing "backstop" greenhouse gas (GHG) reporting or Cap-and-Invest compliance provisions in the event that BPA participates in a CEM but has not voluntarily elected to comply with the Cap-and-Invest Program by registering as an opt-in entity.

To address this regulatory gap, PGP,[1] BPA,[2] and the Western Power Trading Forum (WPTF)[3] proposed the following language in formal comments submitted on Ecology's Electricity Markets CR-102 Proposed Rules:

> WAC 173-441-124(2)(f)(iii): "For imported electricity assigned, designated, deemed, or attributed to Washington through a centralized electricity market, the electricity importer is the deemed market importer; [...] (xx) If the importer identified under (f)(iii) of this subsection is a federal power marketing administration over which Washington does not have jurisdiction, and the federal power marketing administration has not voluntarily elected to comply with this chapter:
>
> (a) Where the imported electricity is contracted to a Washington retail provider, the electricity importer is that retail provider;
>
> (b) Where the imported electricity is not contracted to a Washington retail provider, the electricity importer is the retail provider that receives a pro rata attribution of electricity; and
>
> (c) The imported electricity under this subsection (f)(xx) is considered to be a specified source of electricity provided by the federal power marketing administration."

The intent of this suggested language was to correctly identify the next party in the transaction for contracted or surplus energy attributed to WA via a CEM that could appropriately be the "electricity importer" under Ecology's deemed market importer framework and enable the importer to report the energy as specified source federal system power.

Q: Do you support or have concerns with the suggested backstop framework? Are there concerns with the suggested framework?

> PGP is a proponent of the suggested backstop framework. We are interested in hearing feedback from other stakeholders, particularly market operators, on the clarity of and ability to implement the suggested framework.

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[1] Public Generating Pool. August 20, 2024. RE: Electricity Markets Phase 1 CR-102 Proposed Rulemaking. Retrieved from: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_208368/assets/merged/510fiffeteb_document.pdf?v=10657.

[2] Bonneville Power Administration. August 19, 2024. RE: Comments on the Electricity Markets Rulemaking CR-102 Proposed Rule Language. Retrieved from: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_208368/assets/merged/ch05ilx4jpn_document.pdf?v=36386.

[3] Western Power Trading Forum. August 20, 2024. RE: Comments of the Western Power Trading Forum to the Washington Department of Ecology on Draft Rules to Address Electricity Imports via Centralized Electricity Markets. Retrieved from: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_208368/assets/merged/qq09i91pdhq_document.pdf?v=49758.

However, after careful consideration and further analysis, PGP has identified a need to clarify a number of elements of this initial proposal. We now recognize that the initially proposed language may unintentionally limit the types of entities that may be identified as receiving a pro rata attribution of FPMA electricity. The initial proposal limits the attribution to "retail providers," but there could be a future where entities other than retail providers participate in a CEM such that they are responsible for load in WA—for example, large industrial customers that serve their own load. In that instance, such a market participant should be included in the pro rata attribution of FPMA system imports as appropriate.

In addition, PGP recognizes that the initial proposal for WAC 173-441-124(2)(f)(iii)(b) lacks specificity with respect to the circumstances in which an entity could potentially receive a pro rata attribution of electricity through the market, i.e. when the entity's own load exceeds its owned and contracted resources that are dispatched in a given market interval.

PGP therefore recommends the following edits to the initial language (indicated in red):

> WAC 173-441-124(2)(f)(iii): "For imported electricity assigned, designated, deemed, or attributed to Washington through a centralized electricity market, the electricity importer is the deemed market importer; [...] (xx) If the importer identified under (f)(iii) of this subsection is a federal power marketing administration over which Washington does not have jurisdiction, and the federal power marketing administration has not voluntarily elected to comply with this chapter:
>
> (a) Where the imported electricity is contracted to a Washington retail provider or retail end user[4], the electricity importer is that retail provider or retail end user;
>
> (b) Where the imported electricity is not contracted to a Washington retail provider or retail end user, the electricity importer is the retail provider or retail end user within the market footprint that, in a given hourly interval, is identified by the market operator as responsible for load within Washington that exceeds the dispatched megawatt quantity of contracted and owned generation resources that are either internal or attributed to Washington. In the case that there are multiple such entities in a given interval, each retail provider or retail end user receives a pro rata attribution of electricity based on the entity's share of Washington load exceeding the dispatched megawatt quantity of contracted and owned generation resources that are internal or attributed to Washington; and
>
> (c) The imported electricity under this subsection (f)(xx) is considered to be a specified source of electricity provided by the federal power marketing administration."

[4] WAC 173-441-124(2)(ee): "Retail end use customer" or "retail end user" means a residential, commercial, agricultural, or industrial electric customer who buys electricity to be consumed as a final product and not for resale.

Q: How would attributed FPMA energy be identified under (a) or (b) in the suggested framework?

The specific data needs and operation with respect to how the attribution will be made may require further discussion with both market operators, BPA, and BPA's customers and trade partners. However, PGP offers the following thoughts:

- With respect to subsection (a), both the California Independent System Operator's (CAISO) Western Energy Imbalance Market (WEIM) and Extended Day-Ahead Market (EDAM) and the Southwest Power Pool's (SPP) Markets+ market designs include mechanisms for identifying electricity that is contracted to a WA retail provider. Under the WEIM/EDAM design, contracts are identified as "Committed Capacity" and are not subject to the same threshold as other resource offers. In the Markets+ context, offers labeled as "Type 1A" or "Type 1B" represent electricity contracted to serve load within the GHG Zone. While there may need to be some additional clarification from BPA, PGP believes this will be relatively straightforward.
- The definition of "pro rata" under (b) may be more complicated and warrant some additional discussion to define. In the Markets+ design, offers labeled as "Type 2" are those that are not contracted to a WA retail provider. Under the Markets+ tracking and reporting framework, energy attributed to a GHG Zone will be allocated to each reporting entity in the GHG Zone with any positive difference between the load and dispatched generation in their resource portfolio on a pro rata basis. The rationale is that any post-market pro rata allocation should be made only to those entities whose loads exceed their owned and contracted generation during a given market interval, and not to those entities who had sufficient supply dispatched to cover their load. Identification of the appropriate electricity importer for BPA's uncontracted supply that is attributed to WA would similarly be a post-market process, so a similar pro rata approach is warranted. At this time, PGP does not believe that CAISO has developed a similar approach to Markets+ accounting and reporting framework; however, theoretically the same approach could be applied in the WEIM/EDAM context.

Q: For either (a) or (b), how would specific volumes of attributed FPMA energy be associated with specific retail providers?

See above response.

Q: For (b), is "the retail provider that receives a pro rata attribution of electricity" only retail providers with contracts with the FPMA or all retail providers within the WA GHG Zone?

It should be all retail providers and retail end users within the relevant market footprint within the WA GHG Zone.

Q: How would information be transmitted to applicable retail providers to support reporting and verification of imported energy under Ch. 173-441 WAC? What documentation would be available to support third-party verification? (EPE reporting deadline: June 1; Verification deadline: August 10)

There will have to be a mechanism to sub-attribute imports to individual BPA customers. Further discussion may be needed among stakeholders and the market operators to ensure that the attribution is equitable among BPA customers.

III. Updates on "balancing energy" and "wheel-through" topics

Q: Are there concerns with Ecology's decision to not pursue amendments to separately account for balancing energy provided to in-state generators?

PGP does not have any concerns with and supports Ecology's decision to not pursue amendments to separately account for balancing energy provided to in-state generators.

Q: Are there concerns with Ecology's initial concept regarding wheel-throughs? Should additional definitions or clarifications be added in rule or guidance?

PGP does not have any concerns with Ecology's initial concept regarding wheel-throughs. PGP also supports BPA's proposal to enable similar treatment of wheel-through transactions for asset-controlling suppliers (ACS) and multijurisdictional retail providers to ensure equitable treatment across market participants.

Topic: Reporting and CEMs Timelines

As provided in Ecology's final Electricity Markets rules adopted December 3, 2024, WAC 173-441-124 (3)(a)(v) states that:

"(A) For the energy imbalance market only, and for emissions reporting years 2023 through 2026 only, the retail provider or market participant located or operating in Washington that receives a delivery of electricity facilitated through the energy imbalance market is the electricity importer for that electricity for the purposes of this section. In the event that the market operator is able to identify deemed market importers that successfully offer energy that is attributed to Washington before 2026, those identified entities are the deemed market importers beginning in the following calendar year.

(B) For the energy imbalance market only, and for emissions reporting years 2023 through 2026 only, the reporting entity must separately report power obtained from the energy imbalance market, based on annual totals of electricity purchased in MWh."

PGP expressed strong support for Ecology's decision to continue the report-only framework for the WEIM through the first compliance period of the Cap-and-Invest Program in our August 20, 2024, formal comments on the CR-102 Proposed Rules. PGP continues to support this approach. Any change to this approach by Ecology at this point would have significant negative implications for WA WEIM Entities, whose market participation and Cap-and-Invest compliance strategies for the first compliance period have been premised on the durability of the final rules adopted by Ecology less than one year ago.

At the June 26th Cap-and-Invest workshop, Ecology presented the following options for addressing potential asymmetric market dispatch results that could result from maintaining the WEIM report-only approach while applying compliance obligations to electricity imports through EDAM in calendar year 2026:

- **Option A:** Ecology pursues emergency rulemaking to remove exemption for WEIM power for CY2026. CAISO implements GHG design for WA for CY2026. Attribution of power in WEIM/EDAM incurs compliance obligation for CY2026.
- **Option B:** Ecology pursues emergency rulemaking to add exemption for EDAM power in CY2026. CAISO does not implement GHG design for WA in Emissions Year 2026. No attribution of power in WEIM/EDAM results in no compliance obligations incurred for CY2026.
- **Option C:** No emergency rulemaking, but Ecology provides guidance to CAISO to not implement GHG design for WA in CY2026, instead beginning GHG design for WA with CY2027. No attribution of power in WEIM or EDAM results in no compliance obligations incurred for CY2026.
- **Option D:** No action by Ecology. CAISO attempts to implement WEIM and EDAM consistent with current rule. Potential disparate treatment of WA under EDAM versus WEIM market operations.

PGP offers the following responses to specific questions posed by Ecology on reporting and CEMs timelines below.

Q: What option should Ecology pursue for WEIM/EDAM for CY2026?

At this time, PGP supports Option B or Option C.

Q: Are there significant concerns with any of the options?

PGP has significant concerns with Option A. As articulated above, WA WEIM Entities' market participation and Cap-and-Invest compliance strategies for the first compliance period have been premised on the durability of the final rules adopted by Ecology less than one year ago.

Q: Are all options (A-D) feasible for CAISO to implement?

PGP defers to the CAISO on the feasibility of each of the options presented by Ecology.

Q: What are potential market outcomes of Option D?

While PGP ultimately defers to the CAISO on the potential market outcomes of Option D, it is PGP's understanding that Option D may distort market outcomes by requiring disparate treatment between the EDAM (the day-ahead market) and the WEIM (real-time) market optimizations. In a day-ahead market, the day-ahead and real-time optimizations are closely linked and ideally should be structured as consistently as possible. Under Option D, the EDAM optimization would account for GHG costs when attributing resources to serve WA EDAM load in the day-ahead timeframe, but then in real-time the GHG costs would not be accounted for in the WEIM optimization. This disparity would likely shift both the resource dispatch and locational market prices relative to day-ahead. Ultimately, it is the real-time dispatch that determines which resources actually "run," whereas the day-ahead dispatch is intended to set up the conditions for real-time based on the best available information. It is unclear whether accounting for GHG costs in the day-ahead time period only would result in any discernable reductions in actual emissions. Known systematic disparities between these two market optimizations could yield unexpected pricing and dispatch outcomes for all EDAM and WEIM market participants.

Further, it is possible that Option D may result in the CAISO dispatching some resources subject to the Cap-and-Invest Program with their associated GHG costs (i.e., resources participating in both WEIM and EDAM) and some without (i.e., resources only participating in the WEIM). This would result in the preferential dispatch of resources without GHG costs incorporated over those with GHG costs incorporated. PGP recommends ensuring that all resources in the market are treated similarly with respect to whether they are dispatched with GHG costs incorporated.

Q: If Option B or C is pursued, to protect the environmental integrity of the Cap-and-Invest Program, how could/should Ecology alternatively account for emissions associated with out-of-state EDAM energy serving WA?

Given the limited applicable duration of either option and the fact that the only WA load expected in EDAM in 2026 is a single multijurisdictional retail provider's WA retail load, PGP cautions that any approach that would administratively retire allowances to alternatively account for emissions associated with EDAM imports into WA would likely be challenging to develop prior to 2026 and may overstate actual emissions associated with those imports. At a minimum, Ecology should take into account the portion of WA load that would be impacted and the limited duration of the exemption when determining how to address this question.

Topic: Emissions Leakage

At the June 26th Cap-and-Invest workshop, Ecology presented an overview of market mechanisms in both the CAISO and SPP markets for limiting secondary dispatch/re-designation, Ecology's initial assessment of leakage risk given these market mechanisms, and potential regulatory mechanisms to further minimize the risk of emissions leakage, including defining what "surplus" energy is eligible for attribution to WA or adopting an out-of-market approach similar to the California Air Resource Board's (CARB) EIM Outstanding Emissions and EIM Purchaser framework.

As recently expressed in Joint informal comments submitted on April 18, 2025,[5] PGP does not believe that there will be sufficient data or operational experience to support specific rules addressing leakage until go-live of resource-specific attribution to WA in WEIM/EDAM and Markets+. To avoid unnecessary and potentially costly unintended consequences,[6] PGP continues to recommend that specific rules be developed at a future time when more operational data is available that can be evaluated against established criteria or principles determining: (1) Whether leakage is occurring or has the potential to occur in any CEM; and (2) how that leakage might be appropriately mitigated.

However, PGP does believe that Ecology could begin establishing those leakage criteria or principles now, in the form of guidance outside of rulemaking. In informal comments originally submitted on August 25, 2023,[7] and subsequently reiterated on October 30, 2023,[8] and November 27, 2023,[9] PGP and others recommended that Ecology publish a policy statement on leakage minimization that articulates Cap-and-Invest Program goals in the context of CEMs and provides guidance to market operators on how to balance the achievement of those goals with preserving the benefits of CEMs for WA customers and avoiding unintended consequences. To inform such a

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[5] Avista, PacifiCorp, Public Generating Pool, & Puget Sound Energy. April 18, 2025. RE: Ecology Requested Feedback on Electricity Imports and Centralized Electricity Markets. Retrieved from: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_210619/assets/merged/lw0sibpds6e_document.pdf?v=38443.

[6] For example, market or program rules that *over-mitigate* for leakage could prevent clean resources from selling their surplus energy into Washington, potentially unnecessarily increasing the emissions attributed to WA loads via the market and driving up GHG award costs faced by WA loads.

[7] Avista, Public Generating Pool, & Puget Sound Energy. August 25, 2023. RE: Joint Utility Informal Comments on Electricity Markets Rulemaking. Retrieved from: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_206877/assets/merged/ri0lil6qjr4_document.pdf?v=11235.

[8] Public Generating Pool & Puget Sound Energy. October 30, 2023. RE: Second Informal Comment Period on Electricity Markets Rulemaking. Retrieved from: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_207435/assets/merged/lm0fi5phamx_document.pdf?v=10558.

[9] Public Generating Pool. November 27, 2023. Retrieved from: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did1008/pid_207583/assets/merged/o80ti5hqhbf_document.pdf?v=20275.

policy statement or guidance document, Ecology should consider developing a public process for: (1) Assessing the data needs to appropriately evaluate leakage or the potential for leakage; (2) compiling and analyzing that data; and (3) using that data to inform whether, to what extent, and by what means leakage should be addressed.

PGP offers the following responses to specific questions posed by Ecology on emissions leakage below.

Q: Do you have support, concerns, or comment on Ecology's initial assessment of leakage risk and mitigation associated with each market's GHG design?

While PGP appreciates the time and energy invested by Ecology in understanding the current GHG market design elements in both the CAISO and SPP markets, PGP encourages Ecology to take a more holistic approach in assessing the leakage risk presented by the current designs for each market as a whole, rather than by each discrete design element. Under both market designs, leakage *may* occur when resources are attributed that are below the established attribution threshold – in the CAISO context this is referred to as the counterfactual threshold and in the Markets+ context this is referred to as the surplus threshold. Whether or not leakage is occurring is less a function of the specific market design element and more a function of how often resources are being attributed below the threshold and the specific portfolio of resources that may be attributed and "backfilled" to serve load while a lower emitting resource is attributed as an import. In some instances, the "backfill" resource will have the same emissions profile as the attributed resource, resulting in no emissions leakage. Both Markets+ and EDAM designs include specific elements to restrict the amount of resources that are attributed below the threshold but neither design has been implemented. PGP's recommendation would be for Ecology to frame its initial assessment of leakage risk around the specific elements that are designed to minimize attribution below the threshold versus evaluating each individual market design element in isolation.

PGP also offers the following specific feedback on Ecology's initial discussion of Markets+ and WEIM/EDAM mechanisms on Slides 54-55. Ecology states that Committed Capacity in EDAM is similar to Type 1A in Markets+. However, based on PGP's understanding, Committed Capacity is more similar to Type 1B. Both Type 1B and Committed Capacity require an underlying contract to serve load in a GHG Zone and, if dispatched, may be attributed to either the GHG Zone or the non-GHG Zone. Given this contract requirement, PGP believes that both Type 1B and Committed Capacity provide relatively high mitigation of market leakage risk. Type 1A also requires an underlying contract and has some additional requirements that may result in further mitigation of leakage risk: Type 1A resources must always be attributed to the GHG Zone if dispatched, provide demonstration of deliverability to the GHG Zone, and limit energy offers to the projected contracted load levels.

Q: What other market elements, outside of those discussed, increase the risk of emissions leakage?

Any elements that allow resources to be attributed below a threshold may increase the risk of emissions leakage. However, as discussed at length during both market development processes, it is not possible to restrict attribution to an increment above a threshold without running into market optimization challenges and the generation of uplift. Fully eliminating leakage would therefore create additional costs and challenges and/or render the market designs infeasible. This lens is important when discussing the appropriateness of managing leakage risk.

Q: Should Ecology pursue additional mechanisms to minimize emissions leakage risk, including but not limited to defining "surplus" or implementing an out-of-market accounting approach?

PGP supports Ecology developing a concept of surplus to define the types of imports that may be offered to be attributed to the GHG Zone. Both EDAM and Markets+ include design elements that limit the attribution of resources below a defined threshold. Under these design elements, both day-ahead markets define an eligibility threshold for a specific quantity of imports. As noted above, how that threshold is defined and established is the mechanism for limiting leakage. The Markets+ design explicitly recognizes Ecology's interest in understanding and approving the manner in which the threshold is established. PGP supports further discussion on whether and how Ecology should incorporate a process to review and approve the mechanism for establishing the threshold.

PGP does not believe Ecology should pursue additional out-of-market accounting approaches. As noted above, neither EDAM nor Markets+ design elements have been implemented, and the potential for leakage is in part dependent on the portfolio of resources offered and dispatched, load levels internal and external to the GHG Zone, other states' clean energy and emissions reduction requirements, and many other factors. PGP recommends analysis and assessment following market implementation to understand whether or not additional leakage mitigation is warranted. If so, prior to adopting any out-of-market mechanisms, Ecology should first raise concerns through the relevant market operator's stakeholder processes to seek additional within-market approaches to leakage mitigation.

Q: Should Ecology adopt a definition of "surplus" that minimizes emissions leakage risk and is cohesive across distinct market designs, or should a definition of "surplus" be developed to best address leakage risk given a specific market design?

Ideally, Ecology would adopt a definition of "surplus" that is cohesive across market designs. However, PGP recognizes that there are differences in attribution threshold mechanics across market designs that may warrant more specific consideration.

Q: What rule or guidance should Ecology adopt regarding "surplus" or "surplus thresholds"? When is adoption of rule or guidance necessary for market implementation and MP preparation?

Because the EDAM design does not incorporate the term "surplus," PGP recommends that Ecology focus on the similarities between the EDAM and Markets+ designs to functionally address the same issue. As noted above, both market designs involve establishing a threshold to limit the quantity of resources that are eligible for attribution to the GHG Zone. Ecology could develop a mechanism to support different methodological approaches for establishing the threshold and develop requirements, as appropriate, for approval of a market participant's (in the case of Markets+) or a market operator (in the case of EDAM) chosen methodology.

Q: Should Ecology adopt an out-of-market accounting approach to account for CEM emissions leakage, such as CARB's existing Outstanding Emissions and EIM Purchaser framework or the alternative Outstanding Emissions calculation discussed in October 2023?

In general, out-of-market accounting approaches such as CARB's existing EIM Outstanding Emissions and EIM Purchaser framework should be avoided because they do not create a price signal within the market optimization that reflects Cap-and-Invest Program goals. PGP notes that both EDAM/WEIM and Markets+ have taken significant steps to limit leakage beyond what was incorporated in the WEIM design at the time CARB developed the original Outstanding Emissions and EIM Purchaser framework in 2017.

CARB's existing EIM Outstanding Emissions calculation essentially applies the unspecified emissions factor to all imports from the WEIM and therefore (potentially significantly) overstates emissions and assigns additional costs to electric customers for no commensurate, additional reductions in emissions. PGP recognizes that the alternative Outstanding Emissions calculation presented by CARB in October 2023 would lessen this impact by more narrowly targeting emissions from resources attributed below the counterfactual.

The existing Outstanding Emissions approach remains a problem for a full day-ahead market, however. For a smaller market such as the WEIM, only a fraction of overall energy is settled via imbalance. In a fully day-ahead market, all or nearly all energy transactions are dispatched through the market—implying that all market energy could be considered imports into WA. If this is the case, any overstatement of emissions from applying the unspecified emissions factor to these transactions would be significantly magnified compared to the WEIM.

Ecology must also consider the treatment of BPA energy and its role in a day-ahead market. BPA serves a large percentage of WA load and has a very low ACS emissions factor. At the same time, BPA generation is considered external to WA and is treated as an import under

the CCA. Applying an Outstanding Emissions approach to such imports could result in a significant increase in CCA compliance costs that are not commensurate with actual emissions.

While PGP's recommendation is to evaluate market operations and pursue additional within-market approaches before establishing any out-of-market mechanisms, if Ecology does decide to pursue an out-of-market approach such as CARB's October 2023 alternative, then PGP recommends that Ecology also establish three different equations to address leakage—one for WEIM-only entities, another for EDAM/WEIM entities, and a third for Markets+ entities—in order to reflect the different counterfactuals or surplus thresholds for each market, respectively. Excluding Type 1A, Type 1B, and Committed Capacity imports from any Outstanding Emissions calculations would also help limit emissions overstatements.

Q: Where identified capacity is available to serve WA at the discretion of a market participant (Type 2 resource operator, WEIM-only counterfactual), are there other market or economic elements not considered that limit emissions leakage risk?

Entities external to WA may be subject to their own clean energy or emissions reduction requirements or objectives that may limit their willingness or ability to have energy attributed to WA.

Q: Should Ecology address leakage risk associated with a resource identified as having a contract for load within WA, but where no other constraint is applied to the resource offer? In such a case, are there other market or economic elements not considered that limit emissions leakage risk?

PGP recommends that Ecology observe market activity to determine whether leakage related to resources contracted to serve WA load is a significant issue before attempting to implement potentially restrictive or overly prescriptive rules. Due to the nature of resource development, it is unlikely that utilities would be incentivized to develop or contract for resources in significant excess of their anticipated load, resource adequacy needs, or other reliability reserve margins. These power planning elements present a reasonable limiting factor upon any resources that are contracted to serve WA load but are without any other market constraints. Moreover, such contracts would be indicative that both the CCA and Clean Energy Transformation Act are achieving their anticipated effect of encouraging development of clean energy resources. Any adoption of CCA program rules that potentially stifle such development in order to limit an as-yet-unproven source of leakage could undermine the policy objectives of the CCA as a whole.

Conclusion

PGP appreciates the opportunity to respond to Ecology's questions for feedback relating to electricity imports and CEMs. We look forward to continuing to engage with Ecology on these issues through future public workshops and CCA rulemaking.

Sincerely,

/s/ Mary Wiencke
Mary Wiencke
Executive Director
Public Generating Pool