

Denelle Peacey
Senior Regulatory Advisor

Direct Line: 403-819-8524
Email: Denelle_Peacey@TransAlta.com

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**RE: Comments on Department of Ecology Cap-and Invest Electricity Forum
#2 March 6, 2025**

Introduction

TransAlta Energy Marketing (U.S.) Inc. (TEMUS) appreciates the opportunity to submit comments in response to the Washington Department of Ecology's (Ecology) second Electricity Forum held on March 6, 2025.

TransAlta owns and operates over 700 MW of generation capacity in Washington and transacts physical and financial wholesale power across multiple markets including AESO, CAISO, Mid-C, DSW, SPP, PJM, MISO, ISO-NE, ERCOT, and NYISO, as well as trading in environmental markets across Canada and the US. Given its activities in Washington state and in connected electricity markets across the western United States, TransAlta has a vested interest in understanding the proposed impacts and requirements of linkage with Québec and California.

Disclosure

TEMUS believes that the Electricity Forum can be an effective tool for solving implementation issues that may arise as the energy markets evolve. As Ecology noted in the first Forum held on October 3, 2024, the intention is to allow for "two-way dialogue on the Cap-and Invest and Greenhouse Gas (GHG) Emissions Reporting Programs" and to provide "a venue to centralize regular communications with interested parties within the electricity sector."

Thus, it would improve ongoing collaboration if Ecology posted the comments submitted by stakeholders, such as were submitted during the October 3 "whiteboard" topic sessions. In addition, it would also be useful if Ecology could post their responses to questions posed by stakeholders in a comment matrix.

In addition, summary and public disclosure of the "closed door" private consultations with individual stakeholders that Ecology referred to during the March Forum would also help to further stakeholder understanding and increase collaboration and trust.

Connection of Electricity Forum to Rulemaking

During Electricity Forum #2 Ecology requested feedback on a very detailed list of questions. TEMUS would like to better understand how submitted comments will inform the newly expanded scope of the Cap-and-Invest Program rulemaking announced on March 31, 2025, which now includes rules related to centralized energy markets.

The question list appears to be re-soliciting feedback that has been gathered in previous rulemakings, and so it is unclear whether Ecology is seeking resubmission of previous stakeholder feedback or testing as to whether stakeholders have adjusted their interpretations.

Rule-making Approach

The presentation for the March Forum was posted the day prior, and given the level of detail that Ecology was seeking it was very challenging for stakeholders to provide live feedback during the Forum. TEMUS has given Ecology's list of questions deep consideration, but many of the questions are unanswerable given that the two proposed day-ahead markets (DAMs) have yet to be implemented.

During Forum #2 Ecology expressed its desire to "get ahead of (DAM market) implementation". While TEMUS appreciates this desire, stakeholders are still uncovering how the DAM designs will impact their operations – as exemplified by the stakeholder's reaction to PacifiCorp's EDAM tariff filing and the CAISO's the launch of a "fast-track" congestion revenue allocation redesign.

In general, TEMUS is concerned that Ecology's approach to rulemaking limits its flexibility as markets evolve. Instead, TEMUS continues to recommend an approach that provides a general framework in the rules and legislation, with more specific direction provided in Guidance Letters. This approach would limit the lengthy and resource-consuming cycle of adjusting the rules and legislation to apply learnings from implementation. Given that it is very probable that covered entities in Washington state will have a wide range of participation in centralized markets, flexibility in rule-making should be planned for.

Comments

TEMUS continues to recommend a "simpler is better" approach, such as hourly netting of wheel-throughs. TEMUS appreciates the need to address leakage and unaccounted-for energy, but the balance between achieving perfect coverage and regulatory burden created when trying to do so should also be considered. Electricity is a market, and ultimately all costs are borne by consumers, either through increased prices or scarcity should market participants choose to sell in a less complex and less risky market. This is especially true as Ecology applies new rules ex-post: a significant

portion of electricity transactions and contracting occur months and even years into the future.

Considering Ecology's list of questions, TEMUS recommend reviewing the difference between *balancing energy* and *imbalance energy*. The former is an ancillary service need dictated by physics, while the latter is a dispatch awarded by the Market Operator. Thus, as discussed in previous stakeholder sessions, the compliance obligation for *balancing energy* is most appropriately assigned to the Balancing Area Authority and not to the generator.

Reporting

Given that Ecology's reporting framework relies on e-Tags for compliance verification, TEMUS continues to urge Ecology to publish a document that lists all sources and sinks in the Western Electricity Coordinating Council (WECC) and identifies which all sources and sinks are attributed to Washington, as well as to California to avoid double-counting. This would increase clarity and compliance and reduce regulatory burden for covered entities, verifiers, and Ecology.

TEMUS also continues to strongly recommend that Ecology revise the registration requirements so that: (1) registration in a linked jurisdiction is recognized and covered entities are not required to register separately in every linked jurisdiction, and; (2) provide an alternative to requirements for account holders regarding US banking holdings similar to California.

Yours truly,

Denelle Peacey, Senior Regulatory Advisor

TransAlta Energy Marketing (U.S.) Inc.