



February 20, 2026

Re: Comments from the Northwest & Intermountain Power Producers Coalition on Centralized Electricity Markets and Electricity Imports

The Northwest & Intermountain Power Producers Coalition (“NIPPC”) appreciates the opportunity to provide these comments to the Washington State Department of Ecology (“Ecology”) regarding potential amendments to Washington Administrative Code (“WAC”) Chapters 173-441 and 173-446 (“Cap-and-Invest Program Updates and Linkage Rulemaking”).¹ NIPPC appreciates Ecology’s proactive engagement as Western markets evolve. Our comments focus on ensuring that Washington’s reporting framework: 1) aligns with how centralized markets function operationally; 2) minimizes administrative burden and market distortion; 3) avoids double counting and emissions leakage; and 4) supports regional market integration.

As a threshold matter, NIPPC applauds Ecology’s transparency and diligence working through numerous complex issues associated with the Cap-and-Invest rulemakings. As a regional membership organization representing competitive power participants in the electricity sector in the Pacific Northwest and Intermountain regions,² NIPPC appreciates Ecology’s continued commitment to refine its carbon-market policies in close collaboration with stakeholders. Continued engagement with stakeholders will help ensure these centralized electricity market and import issues are thoroughly vetted and will produce the most effective overall results.

1. Ecology Should Ensure Consistent Treatment of Points of Receipt/Delivery for All Wheel-Through Transactions (WAC 173-441-124)

NIPPC supports clarifying the definition of electricity wheeled through Washington; however, cautions against approaches that rely solely on the physical location of Points of Receipt (“PORs”) or Points of Delivery (“PODs”) within multi-state balancing authority areas (“BAA”s).

Under WAC 173-441-124(2) and (3), importer reporting obligations are tied to electricity “imported into Washington” but in centralized markets and multi-state BAAs, physical power flows often do not align with contractual paths. Assigning reporting obligations based strictly on whether a POR or POD is physically located within Washington risks mischaracterizing

¹ Additional information regarding this rulemaking is available at <https://ecology.wa.gov/regulations-permits/laws-rules-rulemaking/rulemaking/wac-173-441-446-cap-and-invest-program-updates-and-linkage>.

² NIPPC members include owners, operators, and developers of independent power generation and storage, power marketers, and affiliated companies.

transactions that are not intended to serve Washington load. Accordingly, NIPPC recommends that Ecology:

- Anchor reporting obligations to whether electricity is ultimately scheduled to serve Washington load, rather than relying on intermediate transmission topology;
- Ensure that any wheel-through transactions that neither originate nor terminate in Washington are not inadvertently captured; and
- Provide clear examples in rule language or guidance to avoid inconsistent application.

Failure to clearly distinguish wheel-through transactions from true imports could discourage participation in regional markets and create artificial compliance exposure.

If Ecology applies the wheel-through concept to Multijurisdictional Retail Provider (“MJRP”) or Average Clean System (“ACS”) emissions factor calculations, it should do so consistently and transparently. As described in more detail below, sales of unspecified energy into a Centralized Electricity Market (“CEM”) should not automatically be attributed to Washington load absent clear scheduling evidence. Alignment with California Air Resources Board (“CARB”) methodologies where feasible would further promote regional consistency.

Market dispatch algorithms determine which units run; generators do not control ultimate load assignment in organized markets. The accounting framework should reflect that reality.

2. Ecology Should Prioritize Rulemaking to Incorporate an Energy Storage Framework and Aggregated Zero-Emissions Generation Sources (WAC 173-441-124 and 173-441-122)

NIPPC strongly supports Ecology explicitly addressing Energy Storage Systems (“ESSs”) in WAC 173-441-124 as soon as practicable. Storage participation in Western markets is expanding rapidly, including hybrid resources and standalone battery projects that charge and discharge across state lines. Without clear rules, storage operators face uncertainty regarding emissions attribution for charging energy and increased risk of double counting, which may distort market signals. We recommend Ecology:

- Clarify that emissions responsibility for storage discharges is based on the emissions characteristics of the charging energy;
- Allow consistent treatment of storage across specified and unspecified pathways; and
- Coordinate with CARB and other Western jurisdictions to ensure harmonized treatment.

Given the pace of storage deployment, deferring this issue would create regulatory uncertainty.

NIPPC also supports allowing aggregated zero-emissions generation to qualify as specified sources under WAC 173-441-122 where sufficient documentation exists to demonstrate eligibility. Independent generators often operate portfolios of small or distributed renewable resources. Allowing aggregation reduces administrative burden, encourages clean resource participation, and aligns with existing Western reporting structures.

If Ecology explores composite source accounting for multi-state hubs, it should ensure that documentation standards are objective, workable, and do not disadvantage competitive generators relative to vertically integrated utilities. Clear aggregation and storage rules in WAC 173-441-124(3) will improve transparency and reduce compliance uncertainty as market participation expands.

3. Ecology Should Clarify the Deemed Market Importer Definition (WAC 173-441-124 and 173-446)

NIPPC supports maintaining a clear and administrable “deemed market importer” construct in WAC 173-441-124 and corresponding compliance provisions in WAC 173-446 that assigns responsibility to a single entity with demonstrable scheduling and transactional control. NIPPC does not, however, support changing the deemed importer construct from the offer or scheduling entity to an asset owner that merely offers electricity into a centralized market.

Importer designation naturally aligns with the entity identified on either the final e-tag segment delivering energy into Washington or otherwise responsible for scheduling energy to serve Washington load through a centralized market. Importer responsibility should track the party with the operational ability to document and verify the transaction through tagging and market settlement systems.

Ecology should avoid frameworks that:

- Result in multiple entities being deemed importers for the same MWh;
- Shift responsibility to asset owners lacking visibility into ultimate delivery destinations; or
- Assign importer status to retail end users absent direct scheduling control.

Maintaining clear alignment with e-tag Purchasing-Selling Entity (“PSE”) conventions will reduce double counting risk, prevent duplicative compliance obligations, and preserve consistency with Western market operations.

4. Ecology Should Clarify Treatment of Unspecified Imports (WAC 173-441-122 and 173-441-124)

NIPPC encourages Ecology to adopt a methodology for unspecified imports under WAC 173-441-124 that reflects actual dispatch outcomes, minimizes double counting, and aligns with centralized market design.

Unspecified transactions cleared in organized markets should not create compliance obligations for generators that do not control ultimate delivery to Washington load. Any pro-rata attribution approach should be transparent, objective, and consistently applied within ACS and MJRP calculations under WAC 173-441-122. Ecology should also allow hourly netting of unspecified purchases and sales within ACS and MJRP calculations to prevent artificial inflation of reported emissions and duplicative compliance obligations.

Providing clarity on unspecified import treatment will reduce uncertainty as participation in EDAM and other centralized constructs expands.

5. Ecology Should Define Dynamic Tagging and Dynamic Transfers (WAC 173-441-124)

As centralized markets increasingly rely on dynamic transfers and dynamic scheduling, Ecology should explicitly define how dynamic tags and dynamic interchange are treated under WAC 173-441-124 and maintain consistency with evolving CARB rules.

As evidenced by recent CARB proposals on this front, traditional static tagging assumptions may not accurately reflect how energy is scheduled in markets such as WEIM and EDAM. Ecology should clarify whether dynamically scheduled transfers into a Washington BAA constitute imports and how to distinguish energy dynamically transferred to serve Washington load from energy dynamically managed within multi-state BAAs without intent to serve Washington customers.

Without clear definitions, dynamic transfer arrangements could unintentionally trigger importer obligations where no Washington-serving transaction was intended. Addressing this now will reduce regulatory uncertainty as market structures continue to evolve.

6. Ecology Should Adopt a Clear Surplus Definition and Guard Against Emissions Leakage (WAC 173-441-124 and 173-446)

NIPPC encourages Ecology to adopt a clear and objective definition of “surplus electricity” within WAC 173-441-124 that reflects contractual load-serving obligations and resource commitment requirements, rather than inferring surplus solely from dispatch outcomes.

Improper surplus attribution can create emissions reshuffling risks, distort market incentives, and shift emissions across state lines without corresponding environmental benefit. To minimize leakage and double counting, surplus and specified source eligibility rules in WAC 173-446 should be transparent, verifiable, and harmonized where feasible with other Western jurisdictions.

A well-defined surplus framework will strengthen market integrity and help ensure that Washington’s Cap-and-Invest Program achieves real emissions reductions rather than accounting shifts.

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NIPPC appreciates Ecology's engagement and looks forward to continuing to work with stakeholders to refine Washington's Cap-and-Invest rules as centralized markets evolve.

Thank you for your consideration of these comments.

Sincerely,

/s/ Sidney Villanueva

Sidney Villanueva
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