

July 30, 2025

**Re: Seattle City Light Comments on Cap-and-Invest:
Electricity Imports and Centralized Electricity Markets**

Seattle City Light appreciates the opportunity to comment on the Washington State Department of Ecology's (Ecology) request for feedback on electricity imports and centralized electricity markets following the June 26, 2025, workshop. City Light participates in the Western Energy Imbalance Market (WEIM) and is an active participant in the market design conversations for the California Independent System Operator (CAISO) Extended Day-Ahead Market (EDAM) and the Southwest Power Pool's Markets+. The interaction between carbon accounting and centralized electricity markets (CEM) is an important one, and we appreciate Ecology's detailed questions to better inform the record for these issues.

City Light is a member of the Public Generating Pool (PGP) and supports its detailed comments and responses to Ecology's questions. We offer additional comments below to highlight key issues of importance to City Light.

WEIM "Report-Only" Approach

The WEIM report-only issue was the most important item for City Light in the prior rulemaking and retaining this element of the current rules is critical, as it provides clarity around our potential obligations. Additionally, and importantly, this approach also facilitates continued WEIM participation, which provides benefits for consumers and the West as a whole. Due to the importance of this element of the current rules, City Light does not support Option A and have significant concerns about the potential impacts of that approach. Generally, City Light believes it will be useful to hear from CAISO about how any of the options might be implemented, including whether the "no action" option under Option D is feasible. If Option D creates unintended complications/issues for the market, City Light supports pursuing Option B or C.

Federal Power Marketing Administration (FPMA) Backstop

City Light purchases roughly 40% of the energy used to serve our load from BPA, we have a keen interest in how our BPA purchase, as well as the potential implications of BPA's CEM participation, will impact our CCA compliance obligation. City Light is generally supportive of the FPMA Backstop concept, but we believe that additional discussion and feedback is needed from other stakeholders as well as market operators to ensure that the suggested framework is clear and can be implemented. Further, additional clarification is necessary regarding how the pro rata allocation will be identified and attributed. City Light previously anticipated that the point of regulation would shift to the deemed market importer in WEIM, the proposed backstop introduces the potential for compliance obligations/costs that other WEIM imports would not carry. Additional discussion will be important to

inform our understanding of the potential impacts and how we need to account for that in our overall compliance strategy.

Emissions Leakage

City Light appreciates Ecology's detailed discussions of the complex mechanisms designed to limit secondary dispatch included in EDAM/WEIM and Markets+. While any single attribute of the mechanisms may have varying degrees of leakage risk, these attributes are designed to work together in the broader mechanism to limit leakage. Generally, these mechanisms build upon the current mechanism utilized in the WEIM and offer improvements over the current approach.

Considering the thoughtful effort taken by stakeholders and the market operators to develop mechanisms that seek to improve upon existing approaches, City Light believes that it would be better to utilize operational data from the market after go-live will best inform whether leakage is occurring and if there are additional mitigation actions that are necessary.

As noted in PGP's comments, an alternative approach at this time could be to establish additional guidance that would set the stage for how leakage will be assessed after go-live. This could include what type of data will be needed, and the public process and criteria for review.

Conclusion

City Light appreciates the opportunity to provide feedback on these important issues. We look forward to continued engagement with Ecology and other stakeholders throughout this process.