

February 20, 2026

Submitted via Ecology's Online Public Comment Form

Washington Department of Ecology
Climate Pollution Reduction Program
P.O. Box 47600
Olympia, WA 98504-7600

Re: PacifiCorp's Informal Comments on Ecology's February 5, 2026, Centralized Electricity Markets and Electricity Import Topics.

PacifiCorp appreciates the opportunity to provide comments to the Washington Department of Ecology (Ecology) on its request for feedback regarding centralized electricity markets and electricity imports, in support of developing rules for the Cap-and-Invest Program Updates and Linkage Rulemaking.

I. Electricity Wheeled Through the State

Ecology requests feedback on the criteria for when a point of receipt (POR) and a point of delivery (POD) that are identified on an electronic-tag (e-tag) are considered within the state of Washington when located within a multistate balancing authority area (BAA). Specifically, Ecology asks to consider whether:

“POR/PODs that are associated with the multi-state balancing authority's common system power pool, such as MIDC-NNH for PacifiCorp's BAA... to be excluded from POR/PODs that are located fully within Washington but within a mutli-state balancing authority?”

Ecology's question mischaracterizes MIDC-NNH as a POR/POD. MIDC-NNH is not a POR/POD, but rather an internal hub and source of energy, and therefore cannot be located within Washington.

PacifiCorp's commercial, residential, and industrial customers are served as network loads, which are supplied by a mix of owned and contracted network generation. PacifiCorp's transmission function studies these network loads and generators to ensure the PacifiCorp system can reliably deliver energy to each load or receive energy from each generator using the network transmission system. Because of this structure, PacifiCorp does not create individual e-tags for every generator and its associated loads. Instead, PacifiCorp aggregates its load to hubs, pairing it with local generation in that load area.

A non-network hub (NNH) is an internal PacifiCorp hub used to manage energy associated with bilateral trades rather than network load. Because no retail customer load is tied to an NNH, its

purpose is simply to balance imports and exports from bilateral transactions. PacifiCorp has four primary NNHs - PACWNNH, PACENNH, WYOEASTNNH, and MIDC-NNH. These hubs create a controlled structure (or “ringfence”) that ensures bilateral transactions are handled using the appropriate assets and accounted for safely.

PacifiCorp’s use of these internal hubs is not intended to avoid emission obligations. Rather, the purpose is to maintain compliance with Federal Energy Regulatory Commission requirements by ensuring the appropriate use of network transmission rights in situations where PacifiCorp is not serving network load.

A POR or POD used for imports into or exports out of Washington should also be one through which wheeling transactions can occur. For example, the multi-state balancing authority POD, MIDC, is physically located in Washington. However, energy sourced from MIDC-NNH and delivered to POD MIDC is treated as originating from the PACW BAA, which is outside the state of Washington. In this case, a sale at POD MIDC sourced from MIDC-NNH would be considered an import into Washington.

By contrast, if the sale does not sink (i.e. it is not delivered to load) in Washington, then it should be treated as a wheel through transaction, not an import. This distinction prevents incorrectly assigning the in-state implications to energy that merely passes through Washington’s transmission system.

Ecology asks, *“Do entities that are not the multi-state balancing authority themselves engage in wheel throughs that sink/source from PORs/PODs that are ‘located fully within Washington but within a multi-state balancing authority’?”*

A wheel through the state of Washington is defined by the Climate Commitment Act as electricity generated outside of Washington, delivered into Washington, and then delivered back out of Washington to a final POD outside the state.¹ Within the PacifiCorp West (PACW) system, energy routinely flows among Washington, Oregon, and California. In day-to-day operations, MIDC-NNH designation on an e-tag, is commonly used both for bilateral transactions and for internal transfers within PACW. In addition, because a wheel through is a bilateral construct, it does not occur in a centralized electricity market.

An entity that operates a resource located in Washington but within a multi-state balancing authority can either sink the energy within Washington or export it out of the state. Those are the only two possible outcomes. Because the resource is already inside Washington, there is no practical way for that entity to wheel through the state – wheeling requires energy to enter the state from elsewhere, pass through it, and then exit. Therefore, an entity that is not a multi-state

¹ RCW 70A.65.010(28).

balancing authority itself does not engage in wheel throughs that sink/source from PORs/PODs that are located fully within Washington but within a multi-state BAA, like PacifiCorp's PACW.

Ecology asks, *“Applying the ‘wheel through’ concept to MJRP and ACS emission factor calculations, 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?”*

When considering how the wheel through concept applies to multi-state balancing authorities and the asset controlling supplier (ACS) factor calculation, “system power” should be viewed analogous to unspecified power.

Ecology asks, *“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?”*

The Climate Commitment Act clearly excludes electricity wheeled through the state from the definition of imported electricity.² Therefore, electricity that is wheeled through the state does not incur a compliance obligation. "Electricity wheeled through the state" is defined as “electricity that is generated outside the state of Washington and delivered into Washington with a final point of delivery outside of Washington[.]”³ In addition, this statutory definition provides two illustrative, but not exhaustive, examples. The first example is “electricity wheeled through the state on a single NERC e-tag[.]”⁴ Therefore a wheel through on a single e-tag is not imported electricity, does not create any compliance obligation, and should not be included in reporting by a multi-jurisdictional electric company (or multi-jurisdictional retail provider, “MJRP”).

The second example is electricity “wheeled into and out of Washington at a common point or trading hub on the power system on separate e-tags within the same hour.”⁵ This type of wheel through should be reported; however, Ecology should only create an obligation for the net difference in energy between the e-tags. For example, if an entity imports 150 MW and exports 100 MW within the same hour, then the obligation should only be on the net import of 50 MW. This could be recorded as its own tab in the MJRP workbook or under Unspecified Purchases if the wheel through resulted in a net import into Washington.

Ecology asks, *“How should ‘wheel-throughs’ that are exported to a linked jurisdiction be treated? Ecology staff requests interested parties consider that WA (‘imported electricity’ definition, WAC 173-441-124(2)) and potential linkage partner rules specify imports from a linked jurisdiction will not incur a compliance obligation, consistent with the first jurisdictional approach.”*

² RCW 70A.65.010(43)(d).

³ RCW 70A.65.010(28).

⁴ Id.

⁵ Id.

A wheel through Washington and exported to a linked jurisdiction should be treated the same as wheel throughs exported to a non-cap-and-invest jurisdiction. Electricity on a single e-tag exported to a linked jurisdiction should not create an obligation in Washington because the electricity either sunk in the linked jurisdiction and would create a compliance obligation there or was wheeled through the other jurisdiction, which should not create an obligation in either Washington or the linked jurisdiction. Electricity wheeled into and out of Washington at a common point within the same hour should result in an obligation only for net imports into Washington. If this wheel at a common point results in a net export from Washington and a net import to the linked jurisdiction, then the linked jurisdiction's net import should be reported and carry an obligation.

II. Energy storage systems

Ecology requests feedback on the California Air Resource Board's (CARB) proposed Mandatory Reporting Rule (MRR) amendments, 17 CCR, Section 95111, specific to electricity storage systems (ESSs). Specifically, CARB's proposed rule amendments detail how ESSs can be used to claim specified source imports. PacifiCorp uses or plans to use ESS devices paired with renewable energy resources and as stand-alone grid-only devices. These systems support several functions, including frequency regulation, grid stabilization, transmission loss reduction, and renewable energy smoothing.

PacifiCorp generally supports CARB's proposal, and the Company will submit formal written comments to the agency in March 2026. For example, PacifiCorp supports the flexibility in CARB's proposal that allows reporting entities to voluntarily report specified and unspecified sources that charge the ESS and a unique ESS loss factor. This allows reporting entities to supply more accurate energy and emissions information, which encourages more efficient ESS management and technologies and allows regulators to have an accurate understanding of the energy and emissions serving the state.

For purposes of MJRP greenhouse gas reporting, stand-alone grid-only ESSs do not generate or consume energy (excluding losses); rather, they move energy - and the emissions already reported by the MJRP template - to different points in time. Accordingly, these ESSs should be excluded from MJRP reporting unless the ESS is imported into a state as a specified resource. While ESSs experience storage and discharge losses, those losses are inherently reflected in the additional generation required to serve system load, which is already reported within the MJRP framework and therefore fully accounted for.

PacifiCorp requests further discussions with the California Air Resources Board and Ecology regarding the appropriate method for calculating emissions associated with a battery charged from an MJRP system and subsequently imported as a specified source into a greenhouse gas zone. Stakeholders will need to balance two objectives: (1) maintaining incentives for the use of ESSs, which is typically charged during periods of abundant renewable energy generation – and (2)

ensuring accurate emissions accounting, which requires detailed information to allow for use of a specified emission factor. For example, a battery imported at an unspecified rate would get an 18% loss factor and could incur a higher greenhouse gas emission obligation than a natural gas generation facility, despite the battery likely having been charged during a time of abundant solar resources. CARB put forth a detailed analysis showing that the marginal emissions rate has been largely unchanged since the 2010 analysis. However, batteries are flexible load. So, while the marginal emission rate may not have changed, the grid makeup when batteries charge is different compared to when batteries discharge. This could be recognized with a different unspecified emission factor for ESSs that are not charged with specified electricity.

PacifiCorp recommends Ecology prioritize other topics in this rulemaking, such as allowance allocation and defining the GHG zone.

III. Aggregated zero-emissions generation sources

PacifiCorp has no comment on this topic at this time.

IV. Deemed market importer definition

PacifiCorp has no comment on this topic at this time.

V. Specified source registration

PacifiCorp appreciates CARB's proposed revisions to streamline resource registration under the MRR and recommends that Ecology adopt the same approach. PacifiCorp manages hundreds of resources across its system with additional facilities added each year. Simplified resource registration will significantly reduce administrative burden. For example, net generation data are not finalized prior to the resource registration deadline, requiring the Company to submit incomplete information. In addition, compiling details such as operational control, ownership, net nameplate capacity, and commercial operation dates requires reviewing many contracts, an effort that does not materially impact emissions reporting.

PacifiCorp offers one additional recommendation. The current resource registration reporting template requires reporting facilities' longitude and latitude, which is time-consuming and does not materially affect emissions calculations. A facility's location within or outside Washington does impact MJRP workbook calculations, but this can be determined using the physical address already included in the registration materials. Therefore, PacifiCorp recommends Ecology remove the longitude and latitude requirement in resource registration and the Company will recommend that CARB do the same in its upcoming MRR proposal comments.

VI. Conclusion

PacifiCorp appreciates the opportunity to provide informal comments in response to Ecology's Linkage Rulemaking. The robust public process conducted by Ecology is greatly appreciated, and PacifiCorp looks forward to further opportunities to comment and provide feedback.

Sincerely,

/s/ Kieran O'Donnell

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