

April 24, 2026

Attn: Stephanie Potts
Dept. of Ecology, CPRP Program
300 Desmond Dr. SE
Lacey, WA 98503

RE: Cap-and-Invest Linkage Comments in Response to the Draft Washington-California-Québec Linkage Agreement

Avista Corporation (d/b/a Avista) appreciates the opportunity to engage with Washington Department of Ecology (Ecology) staff and provide comments on the linkage process and draft agreement (as published March 2026) with California and Québec. In the interest of transparency and to ensure predictable outcomes for regulated entities, Avista believes it is imperative that the associated jurisdictions clearly identify specific areas that must be aligned to facilitate linkage. Moreover, this identification process, which would provide critical transparency to applicable program entities, should be done as part of the linkage agreement and not after linkage has been deemed complete.

The linkage agreement (or 'Draft') as drafted, anticipates a process for harmonization of the programs. However, the language as written, is nondescript, vague and lacking sufficient detail on what aspects of each program are to be harmonized. Furthermore, the Draft also neglects to offer meaningful comments on matters that could materially affect regulated entities and the consumers in each affected jurisdiction. Regulated entities should know what changes are being contemplated and these should be identified publicly before an agreement is formalized. Moreover, affected parties should be provided an opportunity to provide input that should be considered by Ecology as the party representing Washington's interests before an agreement is formalized.

Upon further review, the consultation committee established in Section 12 for the purpose of harmonizing programs, puts decision making authority in the hands of three individuals - one person from each of the three jurisdictions that are parties to the agreement. The linkage agreement should commit to an open process under which the consultation committee will operate, including opportunities for public input and deliberation in open meetings. It is possible that the interests of each jurisdiction are affected differently by the administrative decisions of the consultation committee. In such cases, it is even more important that those decisions are made in an open, transparent process. Such a process would result in better outcomes, allowing stakeholders, including regulated entities, to help inform decision makers of potential challenges, cost impacts, and opportunities for program optimization.

Avista has concerns which would be valuable to address in the agreement. For example, California is anticipating new program rules that would implement alternating two and three-year compliance periods. This is contrary to Washington interests due to our state susceptibility to variations in hydro conditions that effect emissions year over year. Washington implemented four-year compliance periods to mitigate the impact of low hydro years. Agreeing to two-year compliance periods would disadvantage Washington energy consumers, to the cost of millions of dollars. We believe it is imperative that Ecology

advocate for the programs to align on four-year compliance periods as well as establish clear and concise direction on the true-up of allowance allocations for those entities who have annual unpredictable fluctuations in clean energy such as hydroelectric.

Thank you in advance for your time and consideration. We continue to impress upon Ecology, the need for transparency and communication as it relates to these and other critical issues. If you would like to further discuss these comments, our joint comments with Baker Botts or have additional questions, please reach out to Janna Dubnicka (Janna.Dubnicka@avistacorp.com).

Sincerely,

Janna Dubnicka

/s/

Janna Dubnicka

Clean Energy Policy & Implementation Manager

Avista Corporation

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