PACIFIC POWER
A DIVISION OF PACIFICORP

825 NE Multnomah, Suite 2000
Portland, Oregon 97232

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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 Comments on Ecology's Draft Rule WAC 173-441 and WAC 173-446, Released June 1, 2026

On June 1, 2026, the Washington Department of Ecology (Ecology) requested comments on draft amendments to the Reporting of Emissions of Greenhouse Gasses rule (WAC 173-441) and the Climate Commitment Act (CCA) program rule (WAC 173-446). The proposed amendments are intended to facilitate linkage of Washington's carbon market with those of California and Quebec, address imported electricity, and align the rules with recent statutory changes. PacifiCorp continues to support carbon market linkage and is encouraged by the formal linkage agreement, signed by all three governments in June of this year. However, Ecology's draft rules leave some essential implementation issues unanswered and potentially harm Washington's electricity customers, contrary to the CCA's intended purpose. PacifiCorp respectfully submits the following comments in response to Ecology's proposed rule amendments.

I. Annual Greenhouse Gas Emissions Report Revisions

PacifiCorp requests that Ecology explain the rationale for requiring a correction of underreported greenhouse gas (GHG) emissions for up to seven years after the verification deadline, while limiting correction of overreported emissions to only one year. Proposed rule WAC 174-441-050(7)(c)(ii)(C)(I) and (II). This asymmetric treatment places a significantly longer compliance obligation on reporting entities when emissions are understated, while providing a much narrower window to correct overstated emissions that may have compliance, cost, or allowance implications. PacifiCorp requests that Ecology clarify the policy basis for this distinction and explain why overreporting and underreporting are not afforded the same correction period. In addition, PacifiCorp suggests that Ecology consider amending its annual report correction rule to align with the CCA compliance periods such that any substantial error (regardless of whether it results in the overreporting or underreporting of emissions) must be reported only within a timeframe relevant to CCA compliance period allowance retirement.

II. Third Party Verification Clarification

PacifiCorp requests that Ecology clarify the difference, if any, in the verification services standard in WAC 173-441-085(4) from the current rule – *reasonable level of assurance* – to proposed rule changes – *high level of confidence.* PacifiCorp assumes these standards are interchangeable or synonymous. However, if the agency intends to elevate the verification services standard through this change, it will inevitably and unnecessarily increase administrative costs of the program.

III. Electric Power Entity Reporting

Throughout this rulemaking process, PacifiCorp has submitted extensive written comments in response to Ecology's public workshops and requests for stakeholder input, including feedback on informal draft rule language, on various electric power entity (EPE) reporting and centralized electricity market topics. PacifiCorp requests that Ecology respond to the company's May 20, 2026, comments[1] regarding the new definition of electricity importer and the new data sharing requirement. In addition, PacifiCorp supports Ecology's decision to abstain from defining a GHG zone that includes the load and resources of a multijurisdictional electric company, such as PacifiCorp. As described in detail in prior comments,[2] requiring PacifiCorp's load and resources to be modeled inside Washington's GHG zone would break the company's interjurisdictional cost allocation methodology, pitting Washington against its neighboring states with similar decarbonization goals, and unnecessarily raise the costs for Washington customers.

New definition of electricity importer

Ecology's proposed definition of "electricity importer" under WAC 173-441-124(2)(f)(xi) could significantly affect a planned power purchase agreement (PPA) between PacifiCorp and Portland General Electric (PGE) that is tied to an asset purchase and service territory transfer agreement pending approval before the Washington Utilities and Transportation Commission and other jurisdictions. After the transaction closes, PGE will become the Washington retail utility and be subject to Washington's Climate Commitment Act (CCA) and Clean Energy Transformation Act (CETA), while the service area will remain in PacifiCorp's balancing authority area (BAA) for up to three years. Under Ecology's draft rule, the entity identified as the purchasing-selling entity (PSE) on the final e-tag segment into Washington would be deemed the "electricity importer" and responsible for CCA compliance under the PPA. If PGE is the importer, it would be eligible to receive no-cost allowances for these emissions to offset compliance costs. If PacifiCorp is the importer, it would incur the compliance obligation but would not be eligible for no-cost allowances, potentially increasing costs for Washington customers.

PacifiCorp is proposing a narrow revision to WAC 173-441-124(2)(f)(xi) that would allow all parties to a transaction, under this highly unique multi-state BAA and multijurisdictional electric company scenario, to designate through a commercial agreement which PSE on the e-tag

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[1] *PacifiCorp's Comments on Ecology's Draft Rule WAC 174-441-124, Released April 20, 2026, Regarding Electricity Imports and Centralized Electricity Markets*, dated May 20, 2026, available online here: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_210619/assets/merged/xf0rikn5hp7_document.pdf?v=23249 (note this comment was erroneously dated May 20, 2025)

[2] *PacifiCorp's Informal Comments on Ecology's June 26, 2025, Cap-and-Invest Linkage Workshop on Centralized Electricity Markets*, dated July 30, 2025, available online here: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_210619/assets/merged/rv0mid04h80_document.pdf?v=15094

will serve as the "electricity importer."[3] If no designation in an agreement exists, the current proposed rule would still apply as a default. PacifiCorp argues this flexibility would preserve the value of no-cost allowances for Washington customers, avoid unnecessary compliance and transaction costs, support continuity of service during the transition to PGE, and ensure equitable treatment of utilities under the CCA. The company emphasizes that emissions would still be fully accounted for regardless of which entity is designated as the importer; the proposal simply allows the compliance obligation to be assigned to the best positioned entity to utilize no-cost allowances and minimize costs for customers.

New data sharing requirement

Ecology's proposed rule WAC 173-441-124(1)(d) would require balancing authorities operating in Washington to authorize data sharing to support verification and analysis of market transactions and associated emissions. PacifiCorp supports the objective but argues the rule lacks sufficient clarity for implementation. Specifically, PacifiCorp notes that the rule language is broad and could be interpreted to require sharing a wide range of data, while Ecology staff indicated during a May 2026 workshop that the intended purpose of the new requirement is more limited, focusing on mapping points of receipt (POR) and points of delivery (POD) inside and outside Washington. PacifiCorp therefore recommends that Ecology more clearly define and limit the specific data and information that must be shared.

PacifiCorp also argues that the rule does not clearly identify the parties that must enter into the data-sharing authorization agreement. While PacifiCorp assumes the agreement would be between the balancing authority and Ecology, workshop discussions suggested Ecology may be seeking data from third parties such as Open Access Technology International (OATI). PacifiCorp recommends that Ecology clarify who must participate in the agreement and engage with experts familiar with California's Cap-and-Invest program, where similar market data is obtained through established processes. Doing so could help develop a common understanding of what data is needed, how it is sourced, and how it can be securely managed and shared.

IV. Distribution of Allowances to Electric Utilities

Throughout this rulemaking process, PacifiCorp has encouraged Ecology to consider the cost impacts of its draft rules on Washington electricity customers. When designing and amending the rules related to the distribution of allowances to electric utilities it is essential that the agency recognize that the Clean Energy Transformation Act (CETA) is the key driver of decarbonization for electric utilities, not the CCA. All of Ecology's draft rules should therefore prioritize affordability and the mitigation of costs of the CCA on Washington's electricity customers. The rules should be designed so as not to impose additional inefficiency or administrative burdens.

[3] *PacifiCorp's Comments on Ecology's Draft Rule WAC 174-441-124, Released April 20, 2026, Regarding Electricity Imports and Centralized Electricity Markets*, dated May 20, 2026, at page 4.

Adjustment of allowance allocation WAC 173-446-230(4)

PacifiCorp generally supports Ecology's proposed new rule detailing adjustments to the initial assessment of no cost allowances based on an after-the-fact comparison of the forecasted allowances and actual emissions. WAC 173-446-230(4). However, Ecology's draft rule requires a utility to submit a request for an allowance adjustment on August 7 of the calendar year following the emissions year, which is prior to the third party verification report deadline of August 10 of the calendar year following the emissions year.[4] In order for a utility to compare its actual emissions to a forecast, a request for an allowance allocation adjustment must necessarily take place after the third party verification report deadline. Therefore, PacifiCorp recommends that Ecology revise the deadline in WAC 173-446-230(4)(d) to submit a request for an allowance allocation adjustment to August 17, the earliest, such that the request follows the third party verification report. Without this change, Ecology's current proposed rule creates unnecessary risk of submitting incomplete or unverified information, which may require a revised request – an unnecessary administrative burden.

No Cost Allowances Provided to Mitigate Administrative Costs WAC 173-446-230(5)

PacifiCorp generally supports Ecology's fixed-value approach for distributing administrative cost allowances. However, Ecology should ensure that the first tranche of administrative cost allowances is issued with a vintage that can be used to satisfy first compliance period obligations. Under the proposed rule, these allowances would be issued as 2027 vintage allowances even though the associated administrative costs were incurred during the first compliance period, preventing utilities from using them for the compliance period they are intended to offset. Ecology can address this mismatch by allocating first compliance period administrative cost allowances from the pool of HB 1975 cap-adjusted allowances identified in its recent market notice, allowing utilities to receive allowances with an appropriate vintage while maintaining the overall structure of the program. This approach would better align the timing of cost recovery with the period in which the costs were incurred and provide the intended administrative cost relief.

In addition, PacifiCorp recommends that Ecology not prescribe a quantity of administrative cost allowance for 2031 and beyond at this time. While advance notice is helpful for allowance procurement planning, the administrative burden of program requirements in the future remains uncertain.

Required Consignment of No Cost Allowances Allocated to Electric Utilities WAC 173-446-230(6)

PacifiCorp continues to generally oppose Ecology's proposal in WAC 173-446-230(6) to require the consignment of allowances for Washington electric utilities because it is unnecessary

[4] See WAC 173-441-085(6)(a)

and inefficient. As described in past comments, required consignment introduces unnecessary administrative complexity, increases compliance costs for utilities, and will ultimately result in higher costs for Washington's electricity customers.[5] In addition, PacifiCorp has argued that the text and the context of the CCA do not require Ecology to impose no-cost allowance consignment.[6] Ecology received broad stakeholder feedback opposing required consignment for electric utilities and PacifiCorp requests that Ecology reconsider its approach.

Notwithstanding PacifiCorp's general objection to required no-cost allowance consignment, PacifiCorp supports Ecology's attempt to impose a reasonable limitation on the consignment requirement through WAC 173-446-230(6)(a).[7] PacifiCorp understands the exception to mean in part that if, for example, the vintage 2027 no-cost allowances distributed to a utility equal less than two times the total obligation for utility in any of the years 2024, 2025, or 2026, then the utility will not be required to consign any of its 2027 no cost allowances.[8] PacifiCorp requests that Ecology confirm whether PacifiCorp's understanding of the consignment exception is correct and the company suggests that Ecology offer examples of the exception in its concise explanatory statement for this rulemaking. In addition, PacifiCorp requests clarification on whether an after-the-fact adjustment to a utility's allocation is included in the required consignment exemption calculation. Finally, PacifiCorp asks that Ecology clarify how an electric utility would know its total compliance obligation in the same year that it must consign allowances associated with that year in order to effectuate WAC 173-446-230(6)(a)(iii). Per Ecology rules, third-party verification concludes the August *after* a reporting year ends, so the utility, and Ecology, could not verify whether a utility should have consigned allowances for eight months after the reporting year closes – after the time the allowances would have to be consigned.

V. Allowance Price Containment Reserve (APCR) Account

PacifiCorp is concerned with the proposed auction provisions in WAC 173-446-370(4)(g), which would require Ecology to reject an entire bid, or the aggregated bids of direct corporate associations, when the total quantity bid (or bids) exceeds the allowances offered for sale. While bids that exceed the auction cap should be addressed, rejecting an entire bid is unnecessarily punitive and risks penalizing entities acting in good faith. Participants already face strong financial disincentives to overbid through increased borrowing costs, making a full bid rejection disproportionate to the violation. Moreover, Ecology has provided itself flexibility elsewhere in the rule, including WAC 173-446-350 and WAC 173-446-370(4)(e), to reject portions of bids but not under this provision. PacifiCorp therefore recommends that Ecology revise WAC

[5] *PacifiCorp's Informal Comments on Ecology's November 13, 2025, Cap-and-Invest No Cost Allowance Workshop*, dated December 5, 2025. Available online here: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_210883/assets/merged/ur0sihk0tqq_document.pdf?v=18495

[6] *PacifiCorp's Informal Comments on Ecology's July 22, 2025, Cap-and-Invest No Cost Allowance Workshop*, dated August 15, 2025. Available online here: https://scs-public.s3-us-gov-west-1.amazonaws.com/env_production/oid100/did200118/pid_210883/assets/merged/1h0eineh90g_document.pdf?v=19470

[7] PacifiCorp suggests Ecology delete the period and add a comma and the word "or" at the end of WAC 173-446-230(6)(a)(ii) to make clear that (6)(a)(i) through (iii) create a disjunctive series.

[8] See proposed rule WAC 173-446-230(6)(a)(ii).

173-446-370(4)(g) to reject only the portion of a bid that exceeds the auction cap, or explicitly authorize the partial rejection of bids under this section.

VI. Conclusion

PacifiCorp appreciates the opportunity to provide comments on Ecology's draft rules, released June 1, 2026. PacifiCorp reiterates its past comments and again encourages the agency to prioritize electricity affordability in this rulemaking.

Sincerely,

Kieran O'Donnell
Director, Carbon Policy and Reporting
PacifiCorp
(503) 568-5305
kieran.odonnell@pacificorp.com