Clare Breidenich

Please find attached comments of the Western Power Trading Forum on proposed changes to the CCA rules.

Comments of the Western Power Trading Forum on the Department of Ecology's Proposed Amendments to Climate Commitment Act Rule

July 22, 2026

The Western Power Trading Forum (WPTF) 1 appreciates the opportunity to provide input to the Washington Department of Ecology (Ecology) on its proposed amendments to the Climate Commitment Act (CCA) program rule. WPTF generally supports Ecology's proposed changes. Our comments below are limited to areas where we propose additional areas to be addressed and areas where our recommendations are substantively different than the proposed amendments.

Protection of Confidential Information

Ecology's proposed edits to the definition of 'market-sensitive information' give the agency authorization to release such information "if it determines that the public interest in disclosure outweighs the public interest served by maintaining the confidentiality of such information." WPTF fully supports the availability of timely and accurate information related to the state of the carbon market, but strongly believes that Ecology should always protect confidential and market-sensitive information. We note that the California Air Resources Board (CARB) protects confidential information to the maximum extent possible under state law, and urge Ecology to adopt similar provisions. Further, if extreme circumstances ever warrant disclosure of confidential or market-sensitive information, Ecology should always aggregate or otherwise protect the identity of companies or individuals affected.

Exiting the program

Ecology has added new language in WAC 173-446-070 paragraph (1)(c) that authorizes Ecology to continue to treat electricity importers that have previously imported unspecified electricity as covered entities to "ensure equity among covered entities" WPTF believes this addition is unnecessary, will create regulatory uncertainty and is inappropriate. The program rule provides that the threshold for unspecified energy is 0 MWh and that any entity that imports unspecified energy during any year of a compliance period will remain a covered entity for the entire compliance period. Ecology's proposed addition suggests that Ecology could continue to consider entities that have previously imported unspecified electricity as covered entities for future compliance periods, even if that entity imports no electricity whatsoever. This outcome

---

[1] WPTF is a diverse organization comprising power marketers, generators, investment banks, public utilities and energy service providers, whose common interest is the development of competitive electricity markets in the West. WPTF has over 100 members participating in power markets within California and elsewhere across the United States.

would create significant administrative burden on the entity that has to keep reporting to Ecology, with no environmental benefit.

Further, providing discretion to change the rules for individual covered entities based on some subjective and nebulous assessment of 'equity among covered entities' is patently unfair and regulatory overreach. We urge Ecology to delete this provision.

New section on Linkage:

WPTF appreciates the new section on Linkage as it provides important clarity to covered entities on how linkage will work. However, we are concerned about the broad discretion that this language provides to Ecology in the event that linkage is suspended or revoked to restrict transfers, modify program budgets, holding limits or auctions rules to ensure environmental integrity of the program.

We fully agree that it is important to proactively consider and plan for the possibility of linkage revocation or suspension – CARB had to scramble in 2019 to minimize the disruption to the carbon market caused by Ontario's sudden termination of its cap-and-trade program and subsequent withdrawal from the linkage agreement. However, any changes to the program design should be carefully considered, tailored to address specific, identified problems and should not be retroactive.

Given the tight timeline for finalization of these proposed amendments and the complexity of potential impacts on the program if linkage is terminated, and the need to carefully tailor remedies, it is not feasible to provide more specificity at this time. We therefore suggest that Ecology include a provision that commits staff to convene a public process to identify conditions that would necessitate changes to the program if linkage is terminated and develop appropriate remedies. (A later section of the promised amendments states that Ecology will determine and publish conditions that would trigger an allowance budget increase, but this language does not address other changes that Ecology might make, nor direct Ecology to hold a public process.) Because of the potential negative impacts on covered entities, it is imperative that stakeholders are involved in Ecology's deliberations on these matters and that potential changes are known in advance.

Electricity utility allocation

As WPTF has previously stated, we fully supports the public policy principle of providing allowance value electric utilities to mitigate the cost impact of the CCA on electricity ratepayers, but believes that allocation should done in a way that maintains the competitiveness of wholesale electricity markets. WPTF appreciates that staff have proposed partial consignment of allocated to auctions by electric utilities. However, we are concerned that, in addition to the being extremely complicated and confusing, the consignment provisions would seem to require public utilities who have low to no direct compliance obligation to consign allocated allowances to auction, even though those utilities already have a strong incentive to do so because they cannot sell those allowances in the secondary market, while simultaneously exempting utilities that operate emitting resources in Washington.

WPTF recommends that Ecology simplify the consignment provisions and simply require all utilities to consign a portion of their allocated allowances to auction[2].

Auction Carry-over

Ecology has added new language that limits carry-over of unsold allowances to subsequent auction to 25% of the volume already planned for the subsequent auction. Given that once linkage occurs, Washington allowances will be offered in a joint WCI auction, Ecology should harmonize the carryover rules with those of California and Quebec.

Consequences for Violation of Auction Rules

Ecology has proposed detailed consequences for violation of auction rules. While some of these, such as prohibiting the entity's participation in the auctions, align with those of California and Quebec, others including the possible reduction in an entity's holding limit or increase in the annual surrender obligation beyond 30%, go beyond those of the other jurisdictions. These provisions are unnecessary given Ecology's other enforcement tools and will make it harder for those entities to comply with the program. WPTF therefore requests that Ecology eliminate any consequences that have not been adopted by California and Quebec.

APCR Auctions

Ecology has included language that requires both tier 1 and tier 2 allowances be offered at individual APCR auctions. WPTF opposes this addition as it will cause needless price spikes, and is inconsistent with CARB's rule, which provides that *all* APCR allowances would be made available at each APCR sale. Ecology should not offer Tier 2 allowances until all Tier 1 allowances have been sold and should not limit the number of APCR allowances offered at individual auction.

Additionally, Ecology has added language in subparagraph 4(g) of section 173-446-370 that provides for the rejection of the entire bid of a single entity or members of a corporate association when the total bid quantity exceeds the quantity of allowances offered at that tier. This is inappropriate given that Ecology could simply reduce the bid amount to below the auction quantity, and sub-paragraph (h) of this subsection already provides for allocation of

---

[2] Some utility members of WPTF do not support this provision.

APCR allowances on a pro rata basis of bids when total bids exceeds the APCR auction volume. This new language should be deleted.

Deferred Compliance for Exported Electricity

Ecology has deleted the provision for deferred compliance obligation for electricity exported to linked jurisdiction, but has added language saying annual retirement doesn't apply. Given that we are in the last year of the first compliance period, we do not object to this change. However, Ecology should provide clarity regarding the final compliance obligation. As we have stated previously, emissions associated with these exports should be subject to a compliance obligation in Washington but should not have an additional compliance obligation in California.

Further, we urge Ecology to include an explicit provision that exempts electricity imported to Washington from California from a compliance obligation (other than reporting) in Washington.

Transfer of allowances allocated to electric utilities to generators

We note that Ecology has modified the language that enables electric utility allocated allowances to be transferred to a generating facility. We continue to support this provision and request that Ecology expand it to enable utilities to also transfer allowances to electricity importers (who may not operate generating facilities themselves).