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RE: Comments on Proposed Linkage Rules Filed June 1

TransAlta Energy Marketing (U.S.) Inc. (TEMUS) appreciates this opportunity to submit formal comments in response to the Washington Department of Ecology's (Ecology) proposed rulemaking filed on June 1, 2026, to amend the Climate Commitment Act Program Rule ("**CCA**"), Chapter 173-446 WAC, and the Reporting of Emissions of Greenhouse Gases ("**GHG**") Rule, Chapter 173-441 WAC.

TransAlta owns and operates over 700 MW of generation capacity in Washington and transacts physical and financial wholesale power across multiple markets including AESO, CAISO, Mid-C, DSW, SPP, PJM, MISO, ISO-NE, ERCOT, and NYISO, as well as trading in natural gas and environmental markets across Canada and the US. Given its activities in Washington state and in connected electricity markets across the western United States, TransAlta has a vested interest in understanding the proposed impacts and requirements of linkage with the California electricity market.

Summary

TEMUS appreciates Ecology's efforts to gather input from industry stakeholders regarding its proposed rule revisions.

The bulk of TEMUS' comments recommend that additional clarity or information to covered entities be provided to ease administrative burden and compliance. Other comments address the assignment of obligation, accounting for wheel-throughs, and the transfer of no-cost allowances.

Our comments are listed below before being outlined in more detail in the subsequent section.

1. Single registration for linked jurisdictions;
2. Publish a list of POR/PODs for determining imports;
3. Publish the OATI Point-State Mapping report;

4. Add restrictions regarding the release/use/submission of market or commercially sensitive information;
5. Allow importers with no threshold volumes to exit the program;
6. Clarify whether a "composite source" can also be a "common point";
7. Clarity regarding specified and unspecified thresholds;
8. Clarity regarding the determination of FPMA electricity;
9. Deemed importer for centralized markets should follow source;
10. Clarity regarding wheel-throughs to linked jurisdictions;
11. Clarity regarding exports dispatched by centralized markets;
12. Allow for hourly netting of wheel-throughs;
13. Transfer of no-cost allowances should be extended to include importers/marketers;
14. Allow commercial assignment of electricity importer obligation; and,
15. Prioritize a rulemaking to address energy storage

Comments

1. *Single registration for linked jurisdictions*

TEMUS appreciates the efforts to align the registration requirement with similar requirements under the California Air Resources Board's ("**CARB**") program.

However, TEMUS continues to recommend that the requirements are further streamlined to align with CARB under Section 95830(g)(4) so that registration in a linked jurisdiction is recognized and covered entities are not required to register separately in every linked jurisdiction.

2. *Publish a list of POR/PODs for determining imports*

Given the continued confusion and discussion regarding which scheduling points are located "in" or "out" of Washington state, it would significantly ease the process of verification and provide much needed certainty to covered entities if Ecology would publish a directory of Point of Receipt ("**POR**")/Point of Delivery ("**POD**") mapped to the state for each compliance period.

The publication of such a list would also provide needed clarity around whether trading hubs such as MID-C (or future yet unknown hubs) would be determined to be in Washington state as well as providing direction for Balancing Area Authorities ("**BAA**") in fulfilling their data sharing obligations as proposed.

3. *Publish the OATI Point-State Mapping report*

To comply with the requirements under WAC-441, it is necessary to purchase the annual point-state mapping report from Open Access Technology International ("**OATI**"). Given that the compliance scheme relies on the verification of e-tags, the only way to ensure accuracy requirements under WAC 173-441-085(3)(b) is to use this report to identify all the POR/PODs within Washington state. Thus, because accuracy and compliance with Ecology's rules is virtually impossible without it, this report should be made available to all covered Electric Power Entities ("**EPE**") each year. The report is not publicly available but can be purchased at the cost of approximately $10,000 per year per state. This is a non-trivial cost for market participants, especially independent power producers generating a relatively small amount of energy. TEMUS recommends that the cost be included in Ecology's annual reporting fee under RCW 70A.15.2200 (2).

4. *Add restrictions regarding the release/use/submission of market or commercially sensitive information*

The amount of discretion granted to Ecology to release "market sensitive information" under subsection (b) of the definition in WAC-446-020 is currently unbounded:

> Ecology may choose 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.

Such a disclosure should be extraordinary and require the approval of the director of the Department of Ecology. In addition, the circumstances in which disclosure would be require5. d should be crisply outlined in the rules.

5. *Allow importers with no threshold volumes to exit the program*

If a covered entity (generator or importer) no longer fulfills the criteria for applicability, it should be relieved of all obligations under WAC 173-441 and 446 since it is not a covered entity. However, under the proposed rules, an importer of unspecified electricity could potentially remain covered entity indefinitely – regardless of its emission impact in Washington state.

There is a significant cost for reporting and verification, and it is not reasonable that formerly covered entities are held captive to this burden indefinitely. TEMUS strongly recommends that section WAC 146-070(2)(c) be struck.

6. *Clarify whether a "composite source" can also be a "common point"*

TEMUS supports the addition of a definition of a "composite source" in the proposed rules but recommends that clarity be provided as to whether a composite source could also be a common point. This could be possible in instances where a large generating facility is also a generation-only balancing area. If a composite source may also be a common point, then wheeling through a composite source would also not be classified as an import.

7. *Clarity regarding specified and unspecified thresholds*

TEMUS continues to recommend that Ecology provide clarity in WAC 173-446-030(1)(c) regarding applicability of the threshold limits as it is unclear how the applicability threshold of 25,000 MT in subsection (i) is applied in conjunction with subsection (ii).

TransAlta recommends that WAC 173-446-030(1)(c) be rewritten to make it unambiguous that the coverage criteria is applied separately under each category (i.e., subsection (i) and (ii)) and is not combined. The western electricity market is complex and transmission paths are often congested. While TEMUS makes best effort to import non-emitting energy, sometimes these day-ahead schedules are cut in real-time due to transmission curtailment and TEMUS must source emitting energy as a substitute. These volumes are relatively small but the first interpretation of the draft rules would create compliance burden disproportionate to the amount of emissions imported.

8. *Clarity regarding determination of FPMA "qualifying unspecified electricity"*

TEMUS recommends that Ecology provide clarity in WAC 173-446-030(1)(c)(i) regarding the classification of imported power from federal power marketing administrations ("**FPMA**").

The draft rules infer that at some future date Ecology will delineate electricity sourced from a FPMA into specified or unspecified, and which emission factor would apply - default or Asset Controlling Supplier ("**ACS**") - in each instance. Because this affects compliance obligations, it is important for Ecology to make clear how this delineation process would occur, and when. While TEMUS appreciates that Ecology cannot anticipate all possible market situations, the worst outcome for a market participant is to have an import that they believed to be specified deemed as unspecified months after the transaction.

As a FPMA, the Bonneville Power Administration ("**BPA**") provides a significant amount of electricity to Washington, and clarity regarding how Ecology will classify this energy is essential for continued resource adequacy.

9. *The deemed importer for centralized markets should follow source*

Presumably Ecology intends the "deemed importer" to be the entity authorized to interface with the centralized market and receive settlements. In the markets that the CAISO operates, including the Western Energy Imbalance Market ("**EIM**") and the Extended Day-ahead Market ("**EDAM**"), the scheduling coordinator ("**SC**") acts on behalf of resources (EIM) or market participants (EDAM). The equivalent term in Markets+ is "Market Participant". In either case, the authorized entity could be interfacing with the market on behalf of owned assets, or acting as a third-party on behalf of other entities embedded in the market footprint. This third-party actor may or may not be contracted.

The definition of "deemed market importer" in 173-441-124(2)(b) determines which entity legally holds the carbon obligation for energy imported from a centralized market. The currently proposed definition assigns that obligation to the Scheduling Coordinator. TEMUS reiterates its previously submitted comments regarding this definition: in cases where the SC is acting on behalf of another entity, the proposed definition legally assigns the carbon obligation to a third-party instead of to the actual source of the emission.

In addition, TEMUS supports the omission of rules regarding balancing energy from centralized markets given that the impact is expected to be *de minimis*.

10. *Clarity regarding wheel-throughs to linked jurisdictions*

The Climate Commitment Act ("**CCA**") unambiguously intended to exempt electricity wheeled through Washington state from emission obligations, and TEMUS appreciates Ecology's efforts to provide this clarity in the proposed rules.

However, the obligation to report wheel-through is muddied by whether the linked jurisdiction (presumably where the wheel is sunk) has adopted rules to account for these wheels. This modifying clause leaves importers to puzzle over Ecology's determination of the validity of the rules of the linked jurisdiction. TEMUS recommends that this modifier be struck in the adopted rules.

11. *Clarity regarding exports dispatched by centralized markets*

If a generator located within Washington state is dispatched by a centralized market to serve load outside of Washington state, it should not incur an emission obligation, regardless of whether the load is located in a linked jurisdiction.

12. *Allow for hourly netting of wheel-throughs*

The design of Day-ahead Markets ("**DAM**") as well as the fragmented geographic footprints of the various centralized markets will also make it much more difficult to "wheel" energy through Washington state – and to identify and track these transactions via e-Tags.

As TEMUS has progressed through EDAM implementation, it has become very clear that the self-schedule option heavily used in EIM will be much more restricted in DAMs. Because of this, the centralized optimization of flows means that it is more likely that a specified import could be cut or reduced and need to be replaced by an unspecified export, such as spot energy purchased at MIDC.

In past stakeholder meetings, Ecology voiced concerns that the netting of wheel-throughs could allow for the "gaming" of emissions with higher-emitting exports than imports. This scenario may have been possible in the past bi-lateral market with excess transmission capacity. However, adjusting for modified schedules is increasingly the norm as the scarcity of transmission capacity increases with the implementation of competing DAMs and market fragmentation. TEMUS, like most other market participants, employs a team of schedulers who react to transmission curtailments and optimize awarded schedules in real-time.

TEMUS recommends that all hourly wheel-throughs, whether specified or unspecified, be netted for simplicity because of this lack of direct control by market participants, as recommended in the industry white paper submitted in 2023 to Ecology. This approach would also reduce the complexity of compliance tracking and verification, which is already becoming very complicated.

13. *Transfer of no-cost allowances should be extended to include importers/marketers*

TEMUS supports the provision in WAC 173-446-425 to transfer no-cost allowances to generating facilities or FPMAs as contracted capacity is treated as the equivalent of utility self-built generation by the Washington Utility and Transportation Commission ("**WUTC**").

However, TEMUS recommends that this provision be extended to include electricity purchased from others under contract (i.e. WSPP Contract C). Currently a large volume of electricity is purchased by utilities bilaterally because of transmission constraints and limited ability to develop generation within state.[1] Allowing utilities the flexibility to manage their allowances would ultimately reduce costs for consumers.

[1] See the recent resource adequacy analysis from E3 for additional detail at https://www.ethree.com/ra-pnw/.

14. Allow commercial assignment of electricity importer obligation

The above recommendation to extend the transfer of no cost allowance to marketers is vital since the definition of "electricity importer" in WAC 173-441-124(2)(f)(xi) does not recognize the widespread use of bilateral commercial contracts and the transfer of legal custody of the electricity, which would have increased market efficiency, price formation, and optimization of no-cost allowances.

If the definition of electricity importer was amended to allow the identification of the importer as reflected by commercial contract, this would widen the pool of potential suppliers who would otherwise trigger substantial administrative and other costs under WAC 441/446.

15. Prioritize a rulemaking to address energy storage

TEMUS supports Ecology's intention to draft rules regarding energy storage in 2027.

In conclusion, TEMUS looks forward to continued collaboration with the Ecology and stakeholders on the important work to implement the CCA.

Yours truly,

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