



March 9, 2026

Lauren Sanchez, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

RE: Public Comments on CARB’s Proposed 2026 Amendments to the Cap-and-Invest Regulation and Mandatory Reporting Regulation

On January 20, 2026, Staff at the California Air Resources Board (CARB) released Notices of Public Hearing and Initial Statements of Reasons for proposed changes to CARB’s Cap-and-Invest (previously Cap-and-Trade) Regulation and Regulation for the Mandatory Reporting of Greenhouse Gas (GHG) Emissions (also known as the Mandatory Reporting Regulation or MRR). The Public Generating Pool (PGP) is a trade association representing eight consumer-owned electric utilities in Washington and one in Oregon that own and operate their own generating resources, most notably hydroelectric generation facilities. Of PGP’s member utilities, six are currently covered entities under Washington’s Cap-and-Invest Program, and two are currently participating in the California Independent System Operator’s (CAISO) Western Energy Imbalance Market (WEIM). PGP member utilities also make sales of electricity into California through the bilateral market. PGP appreciates the opportunity to offer public comment on the Proposed Amendments.

General Comments

PGP supported the passage of Washington’s Climate Commitment Act (CCA) in 2021 and has been deeply engaged in the Department of Ecology’s (Ecology) subsequent rulemakings implementing the Cap-and-Invest Program. PGP has long supported linkage of Washington’s Cap-and-Invest Program with the linked California-Québec market on the basis that it is expected to: (1) Allow Washington to meet its statutory GHG emissions reduction targets at a lower cost to covered entities and their customers, and (2) create one shared, rather than two divergent, GHG price signals in both existing and developing Western energy markets. In the absence of linkage, there are scenarios under which Washington participants in Western energy markets face duplicative GHG compliance costs from both Washington and California for the same unit of energy.

Washington’s program has been specifically designed to facilitate linkage, as directed by both the original text of the CCA and Ecology’s 2024 agency-request linkage legislation, [SB 6058](#). Ecology is currently in the process of developing rules under its [Cap-and-Invest Program Updates and Linkage Rulemaking](#) to further facilitate linkage. It is through the lens of linkage with the California-Québec

market and PGP members’ participation in Western energy markets that PGP respectfully offers the following comments.

Cap-and-Invest Regulation

Under CARB’s existing Cap-and-Invest Regulation, compliance periods for the program are set for a period of three calendar years from 2020 onward. CARB Staff’s Proposed Amendments change the duration of the compliance periods to align with California’s statutory GHG emission reduction target years and are aligned with Québec’s target years, as follows:

Compliance Period	Compliance Period Duration
6th Compliance Period	January 1, 2027 – December 31, 2028 (2 years)
7th Compliance Period	January 1, 2029 – December 31, 2030 (2 years)
8th Compliance Period	January 1, 2031 – December 31, 2033 (3 years)
9th Compliance Period	January 1, 2034 – December 31, 2035 (2 years)
10th Compliance Period	January 1, 2036 – December 31, 2038 (3 years)
11th Compliance Period	January 1, 2039 – December 31, 2040 (2 years)
12th Compliance Period	January 1, 2041 – December 31, 2043 (3 years)
13th Compliance Period	January 1, 2044 – December 31, 2045 (2 years)

In considering the proposed changes to compliance period duration, PGP urges CARB to consider alternative approaches that avoid the need for two-year compliance periods in order to preserve the expected benefits of linkage for Washington’s electric utilities who are covered entities. Instead of pursuing compliance periods that alternate between two and three years, PGP recommends that CARB maintain the current three-year compliance period approach, consistent with the Western Climate Initiative’s (WCI) 2009 Design Recommendations for the WCI Regional Cap-and-Trade Program, of which both California and Washington State are signatories.¹

Currently, Washington’s Cap-and-Invest Program is organized by four-year compliance periods beginning January 1, 2023. As provided under SB 6058, if Ecology enters into a linkage agreement and the linked jurisdictions do not amend their rules to synchronize with Washington’s compliance periods, then Ecology must amend its own rules to synchronize Washington’s compliance periods with those of the linked jurisdictions. While PGP understands CARB’s interest in aligning forthcoming compliance periods with California’s statutory GHG emissions reduction target years, PGP finds that the two-year compliance periods proposed by CARB could potentially eliminate one of the core benefits to Washington’s current four-year approach: smoothing out the emissions and compliance costs associated with hydropower variability.

¹ Western Climate Initiative. March 2009. Design Recommendations for the WCI Regional Cap-and-Trade Program. Retrieved from: <https://wcitestbucket.s3.us-east-2.amazonaws.com/amazon-s3-bucket/documents/en/wci-program-design-archive/WCI-DesignRecommendations-20090313-EN.pdf>.

Because of Washington’s rich hydropower landscape, electric utilities’ compliance costs under the CCA are inversely correlated with the availability of water resources—i.e., low water years yield increased emissions associated with in-state emitting generation and unspecified market imports, thereby increasing compliance costs, while high water years yield reduced emissions associated with in-state emitting generation and unspecified market imports, thereby reducing compliance costs. A longer compliance period ensures that Washington electric utilities and their customers are not unduly “penalized” by back-to-back low water years. Should CARB decide to adopt Staff’s proposal for compliance period sequencing, PGP strongly urges CARB to consult with Ecology, covered entities, and other stakeholders to identify alternative programmatic approaches that can enable linkage without ultimately requiring Washington to forego the benefits of its adopted compliance period structure, which was specifically designed to address the unique characteristics of hydropower variability in the Northwest.

Mandatory Reporting Regulation

To address recent developments in the centralized electricity markets operated by the CAISO, CARB Staff are proposing to update the definitions and treatment of these electricity markets in MRR. While PGP does not take a position on the broader treatment of CAISO Markets in MRR at this time, PGP is cognizant that there may be future interest in aligning definitions across the California and Washington programs. PGP therefore respectfully offers comment on CARB Staff’s proposed definition of “committed capacity” as it relates to the proposed updates to the Calculation of CAISO Markets Outstanding Emissions:

“Committed capacity” means electricity generation from an electricity generation source located outside the state of California that is committed via a contract to meet a resource adequacy obligation for California load that meets the Resource Adequacy Program requirements in California Public Utilities Code section 380 or the resource adequacy requirements of a local publicly owned electric utility (POU).

While “committed capacity” is not currently a defined term in the Extended Day-Ahead Market (EDAM) tariff approved by the Federal Energy Regulatory Commission, PGP observes that under CAISO’s Business Requirements Specification for EDAM², section 5.1 lists Business Feature ID# EDAM-BRQ-02142: **Define GHG contractual MW and compliance obligation for resources outside a GHG regulation area to serve demand in the GHG regulation area** as including *both* resource adequacy (RA) and non-RA contractual MW obligations. CAISO’s approach assumes that *any* energy that is contractually committed to serve load in California should not effectively be treated by the market design as if it is committed to serve load outside California. This aligns with PGP’s understanding that “committed capacity,” as included in EDAM’s GHG design, includes any

² California Independent System Operator. Business Requirements Specification: Extended Day Ahead Market, dated 1/27/2026. Retrieved from: <https://www.aiso.com/documents/business-requirements-specification-extended-day-ahead-market.pdf>.

contractual resource, whether specifically needed to meet a California RA obligation for California load or not. The Calculation of CAISO Markets Outstanding Emissions should align with how the CAISO is defining contractual commitments. For this reason, PGP recommends that CARB Staff work with the CAISO in developing an appropriate regulatory definition of “committed capacity.”

Conclusion

PGP appreciates the opportunity to offer feedback on the Proposed Amendments to the Cap-and-Invest Regulation and MRR.

Sincerely,

/s/ Mary Wiencke

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