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COMMISSION

April 22, 2022

Amanda Maxwell, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, WA 98503

RE: Docket UE-210183: Relating to Electricity Markets and Compliance with the Clean Energy Transformation Act

Dear Ms. Maxwell,

The Western Power Trading Forum¹ (WPTF) provide these comments to the Washington Utilities and Transportation Commission (UTC) on the final draft rules relating to use, double-counting and energy storage under the Clean Energy Transformation Act (CETA).

Use of electricity

As indicated in our February 9th comments on the proposed rules, WPTF understands from conversations with Commission staff that the draft rules on 'use' would allow electricity sourced from a renewable resource located in California to be used for compliance with both the CETA's 2030 Greenhouse Gas Neutral Standard and the 2045 100% Clean Standard as long as the electricity and the associated RECs have been sold to a Washington utility. We further understand that the fact that California cap and trade program accounts for the direct emissions of that resource under that program does not render the associated RECs ineligible for CETA compliance, provided the RECs and energy have been contracted to a Washington utility. Lastly, if the resource is dispatched via the Energy Imbalance Market (EIM) or future organized market, the dispatch of that resource based on its energy bids by the market operator would NOT be considered a transfer of ownership nor a transaction that would render the associated RECs ineligible for CETA compliance.

WPTF respectfully requests that UTC confirm our understanding in the Rule Adoption Order.

Double-Counting

UTC's draft rules would prohibit unbundled RECs for alternative compliance under CETA if the associated electricity was "delivered, reported, or claimed as a zero emission specified source or assigned the emission rate of the renewable generating facility under a GHG Program." The draft rule further requires that "The associated electricity was sold, delivered, or transferred without fuel sources or nonpower attributes and under a contract or transaction term expressly stating the fuel source or nonpower attributes are not included."

For power that is transacted bilaterally, including via the Intercontinental Exchange, sellers of the electricity associated with an unbundled RECs can add a provision to the contract or transaction confirmation that expressly states that the electricity is sold without nonpower attributes. However, this option is not available to generators participating in organized markets, such as the Western Energy Imbalance Market, WEIM participating resources contract with the CAISO as a counterparty, and the contract terms are established in the CAISO

tariff, which is approved by the Federal Energy Regulatory Commission. Thus, a generator has no ability to alter the terms of the contract. Rather than require explicit contract provisions for centralized market sales, UTC should instead require demonstration of the sale to a centralized market operator, and proof that the associated electricity was sold as unspecified in that market.

WPTF therefore requests that UTC modify section 6(c)(i)(A) and (B) of the draft rules as follows.

(c) A utility may use an unbundled REC as an alternative compliance option, as provided in RCW 19.405.040 (1)(b), only if the utility demonstrates that there is no double counting of any nonpower attribute associated with that REC. This subsection sets only the minimum requirements necessary to demonstrate that no double counting has occurred. The commission may require the utility to produce other evidence or take specific actions as the commission determines necessary to ensure that there is no double counting of nonpower attributes.

(i) Except as provided in (c)(iii) of this subsection, a utility may use an unbundled REC for alternative compliance only if the utility demonstrates:

(A) The associated electricity was

i) sold, delivered, or transferred without fuel sources or nonpower attributes and under a contract or transaction term expressly stating the fuel source or nonpower attributes are not included; or

ii) Sold into a centralized organized market; and

(B) The associated electricity was not delivered, reported, or claimed as a zero-emission specified source or assigned the emissions rate of the renewable generating facility under a greenhouse gas (GHG) program.

Clarification is needed on treatment of sales from utility systems with coal assets

WPTF seeks clarification in the Rule Adoption Order regarding how sales from utility systems that include coal resources, such as PacifiCorp, will be treated under the rule requirements for elimination of coal.

WPTF expects that pursuant to the cost allocation methodology currently being negotiated, UTC will treat PacifiCorp's coal assets as serving PacifiCorp's retail customer load in other states – not Washington. Thus, PacifiCorp will be able to maintain coal in their fleet without being in violation of the CETA. What is unclear is how PacifiCorp's system sales to other Washington utilities will be treated. If a Washington utility purchases electricity from PacifiCorp's system, either directly or through a market intermediary, will this electricity be considered to be sourced from coal? Would some portion be considered as sourced from coal? WPTF requests UTC to provide clarification in the Rule Adoption Order.

Thank you for your consideration,

Clare Breidenich, Carbon and Clean Energy Committee Director
Western Power Trading Forum