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Jeff Killip, Executive Director and Secretary
Washington Utilities and Transportation Commission
621 Woodland Square Loop SE
Lacey, Washington 98503

RE: Docket UE-210183, Comments of the Western Power Trading Forum Relating to Electricity Markets and Compliance with the Clean Energy Transformation Act

Dear Mr. Killip,

The Western Power Trading Forum¹ (WPTF) provides these comments to the Washington Utilities and Transportation Commission (the Commission) on updated draft rules under the Clean Energy Transformation Act (CETA).

The updated rules introduce several new definitions and provisions to reflect mechanisms being developed for the two day-ahead centralized electricity market to accommodate Washington and California's cap and trade programs and assist utilities and other entities account for greenhouse gas emissions associated with serving retail load. While we appreciate the addition of these elements, as drafted the rules do not yet align with how the centralized markets operate. Our comments below are intended to provide additional clarity in the rules and ensure consistency with the centralized markets design.

WAC 480-100-605 Definitions

WPTF suggests changes to some of the new definitions for clarity and consistency with terms used in the centralized electricity markets, as well as the Climate Commitment Act (CCA). We also suggest adding the term "dedicated energy".

We suggest several changes to the definition of "attribution". First, although the CETA uses both the terms generation and electricity, we believe that electricity is the more appropriate term here. Second, while it is true that deeming is not utility-specific, both market designs include a pathway for attribution of electricity that is contracted to individual loads in the states with greenhouse gas pricing programs. Rather than create the possibility for confusion, we suggest characterizing the attribution as deeming electricity *to serve aggregate electric load*. Lastly, the definitions should clarify that attribution is conducted solely for states or zones with greenhouse gas pricing programs.

"Attribution" means a mechanism in a centralized electricity market that deems ~~generation electricity to be serving aggregate electric load in a states or zones with a~~

regulatory program that establishes a price on greenhouse gas emissions that is not specific to a utility or other load-serving entity.

We suggest several changes to “market allocation” to improve clarity and consistency with the centralized market allocation mechanisms being developed, and to better distinguish the allocation and attribution mechanisms.

(#) “Market Allocation” means a ~~non-dispatch-based~~ greenhouse gas accounting or reporting framework mechanism that operates after the dispatch of a centralized electricity market and that assigns generation electricity and emissions to individual utilities or other load-serving entities participating in a centralized electricity market based on resources ~~dedicated-owned or under contract~~ to those entities and market purchases.

WAC 480-100-6XXa Use of RECs or NPAs other than unbundled RECs to comply with the greenhouse gas neutral standard.

Paragraph 6(b)

WPTF recommends deletion of paragraph 6(b) because it is unnecessary. To ensure that the market allocation of electricity is consistent with the attribution of electricity to Washington under the CCA, we anticipate that the market allocations being developed by both market operators will allocate electricity to Washington utilities only when that electricity is generated in state and not allocated elsewhere, or is generated out of state and attributed to Washington load. Thus, these rules do not need a separate provision to address electricity attributed by the markets. Rather, if a utility owns or separately acquires RECs or NPAs associated with renewable or non-emitting electricity, this plus the fact that the electricity is generated in the state or attributed to the state would enable the entity to register the output of that resource as a dedicated energy in the market allocation.

(a) ~~the attribution of the electricity to Washington occurs as a result of the centralized electricity market’s resource allocation framework; and, if the utility does not already own the associated RECs or NPAs, the utility separately acquires the RECs or NPAs associated with the renewable or nonemitting electricity resulting from attribution of the resource to Washington in the centralized electricity market.~~

Paragraph 8(b)

Paragraph 8(b) does not correctly reflect how electricity is sold and purchased in an organized market. In particular, the concept of specified electricity or specified power has no meaning in the context of a centralized market. The concept of specified electricity is a construct of bilateral electricity transactions, where buyers and sellers can agree to transact power from a particular resource. This is not the case within a centralized markets - generation is offered to the market as a whole, not a particular buyer; similarly, load-serving entities purchase electricity from the market as a whole, not from a particular resource.

The centralized markets will recognize bilateral contracts (which occur outside the centralized market) in both the market attribution for the carbon pricing programs (e.g. type 1a and 1b under the Markets+ design), and the market allocation frameworks (the dedicated resource concept), but the markets themselves do not provide for offering of specified power. Even in the case of the market attribution to GHG pricing states, an entity does not offer specified energy, but rather the entity offers *to make the energy available for attribution to the GHG pricing area*. (As an aside, in a centralized market that enables unspecified imports to a GHG pricing area, individual resources are not offered for attribution.)

For this reason, we recommend removal of the reference to specified power in 8(b). The reference to contracts in our proposed revisions to the definition of ‘market allocation’ correctly reflects how bilateral power transactions, including specified contracts, would be reflected within the market allocations.

(8) A utility may retire a REC or demonstrate ownership of an NPA for the purpose of

primary compliance only if the utility demonstrates that there is no double

counting of that REC, NPA, or the associated clean energy within another load-

based program in Washington or other jurisdictions. At a minimum, this

requires that:

a. any bilateral sale of electricity with its associated RECs or

NPAs must include terms stating that the sale is of specified renewable or

nonemitting electricity, and in the absence of such terms, the sale is presumed to be unspecified electricity, and

b. the utility must ensure that any electricity generated by a renewable or nonemitting resource and offered for sale by the utility in a centralized electricity market is not attributed to a GHG pricing zone ~~shall not be offered as specified power, and that~~ the associated RECs or NPA's are not transferred to another entity.

Respectfully,
/s/ Clare Breidenich

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