



# Electricity Forum #1

October 3, 2024

# Ecology staff introductions

- Jihan Grettenberger – Cap-and-Invest Outreach Specialist
- Camille Sultana – Cap-and-Invest Environmental Planner
- Andy Hayes – Cap-and-Invest Policy Section Manager
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# Agenda

- 1** Purpose of the forums
- 2** Rulemaking timelines
- 3** Considerations for future forums
- 4** Discussion
- 5** Next steps



# Purpose of forums

- Respond to the need for two-way dialogue on complex topics within the Cap-and-Invest and Greenhouse Gas Emissions Reporting Programs
- Opportunity for regular discussion outside of rulemakings
- Hear and clarify concerns from stakeholders

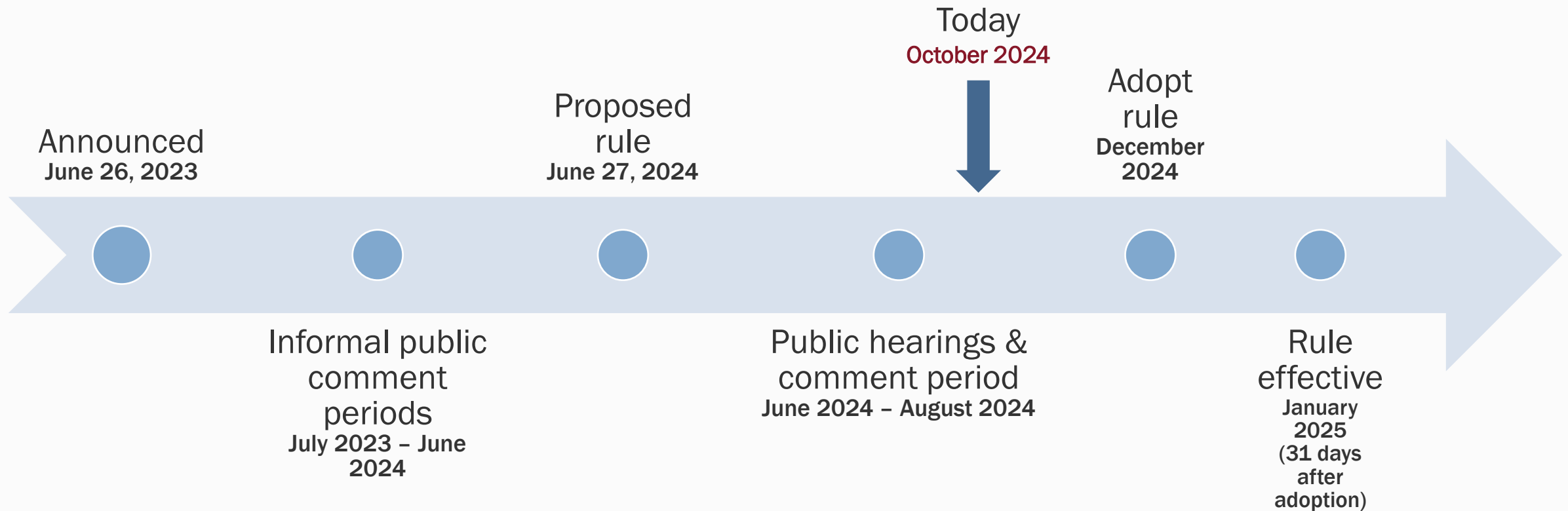


# Cap-and-Invest Program & electricity sector context

- Complexity of WA electricity sector requires additional consideration compared to existing emission trading systems
  - Significant operations by Federal Power Market Administration (PMA)
  - Complexity of multistate balancing authority areas and multijurisdictional utilities
  - Potential for participation of centralized electricity markets operated by multiple market operators
- Alignment of rules to enable linkage with other jurisdictions
  - SB 6058: Modified treatment of imported electricity.
  - Enabled Ecology to refine reporting of imported electricity by rule.
  - Certain SB 6058 provisions take effect Jan. 1, 2025
- Statutory 2<sup>nd</sup> Compliance Period deadlines: must establish allocation schedule and method for addressing imported electricity from centralized electricity markets by Oct. 1, 2026.
- Policies created in statute versus rule

# Electricity markets rulemaking timeline

For more information, see the [Electricity markets rulemaking webpage](#).

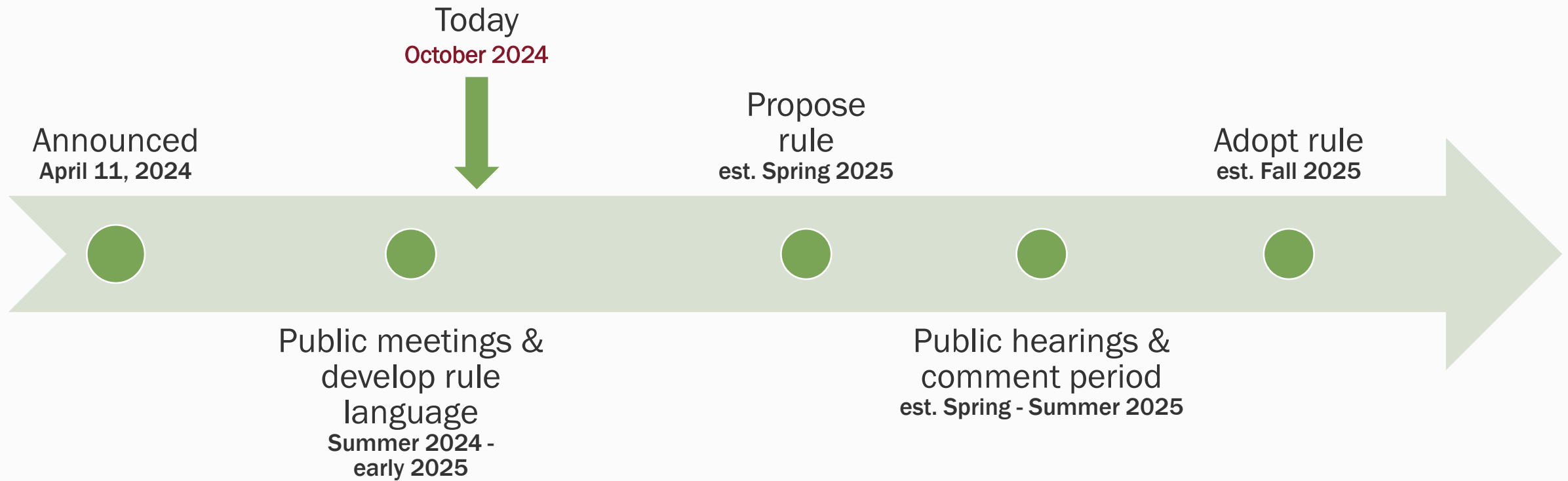


# Electricity markets rulemaking: key concepts

- Establishes a framework for accounting for specified electricity imported through centralized electricity markets
- Deemed Market Importer: new subset of electricity importers with reporting and compliance obligations for **specified** electricity imported through centralized electricity markets
- Maintains current regulatory approach for Energy Imbalance Market until 2026 or until market operator can identify deemed market importers
- Framework for unspecified imports and emissions leakage in centralized electricity markets addressed in future rulemaking

# Linkage rulemaking timeline

Summary of timeline posted on the [Linkage rulemaking webpage](#).



*Will schedule more public meetings and hold more informal comment periods*

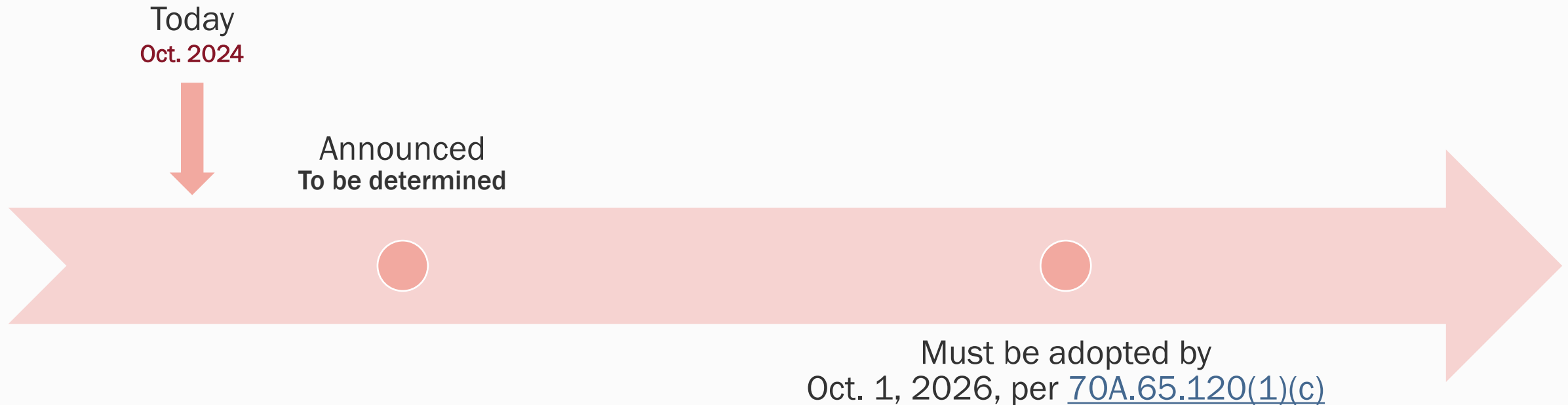


# Linkage rulemaking: key electricity concepts currently under discussion

- Alignment with SB 6058 (2024 legislation)
  - Require all imported electricity from unspecified sources to be covered. Maintains 25k MT coverage threshold for electricity purchased from a federal PMA.
  - Align corresponding reporting thresholds and provisions to support change to coverage threshold.
  - Add Cap-and-Invest Program participation requirements and framework for federal PMAs. Registration requirements to be developed after consultation with federal PMA.
  - Update definition of “imported electricity.”
  - Add definition of “electricity wheeled through the state.”
  - Development of wheel-through framework for imported electricity by rule.
- Ecology may develop in rule, enabled by SB 6058.
  - Considerations for imported electricity provided as balancing energy.
  - Definitions for electricity importer, when not otherwise assigned.

# 2<sup>nd</sup> compliance period rulemaking timeline

[RCW 170A.65.080\(1\)\(c\)](#) and [RCW 170A.65.120\(2\)\(c\)](#) require Cap-and-Invest Program updates by October 1, 2026.



# Additional electricity topics under consideration

- **Utility allocation:** Clarifying overall process and adjustment framework
- **Centralized electricity markets:** Accounting for specified and unspecified electricity, aligning reporting requirements with available data, emissions leakage framework, ensuring carbon cost in market dispatch, potential impact on ACS emission factors, potential interaction and seams with multiple market operators
- Appropriately accounting for electricity between linked jurisdictions and unlinked jurisdiction with emission trading systems
- Reporting electricity imports from energy storage systems
- Clarifying accounting, reporting rules, and guidance for electric power entities

# Overview of opportunities to amend electricity provisions in WAC 173-441 and -446

2024

2025

2026

2027

## Electricity Markets Rulemaking

est. to adopt by Dec 2024

First step in addressing centralized electricity markets

Introduces deemed market importer framework for specified resources. Helps enable market operators to address WA greenhouse gas pricing in market design and operations.

## Linkage Rulemaking

est. to adopt Fall 2025

Alignment with SB 6058 and facilitates linkage, including refining treatment of imported electricity.

May be used as an opportunity to address other electricity sector topics including centralized electricity markets.

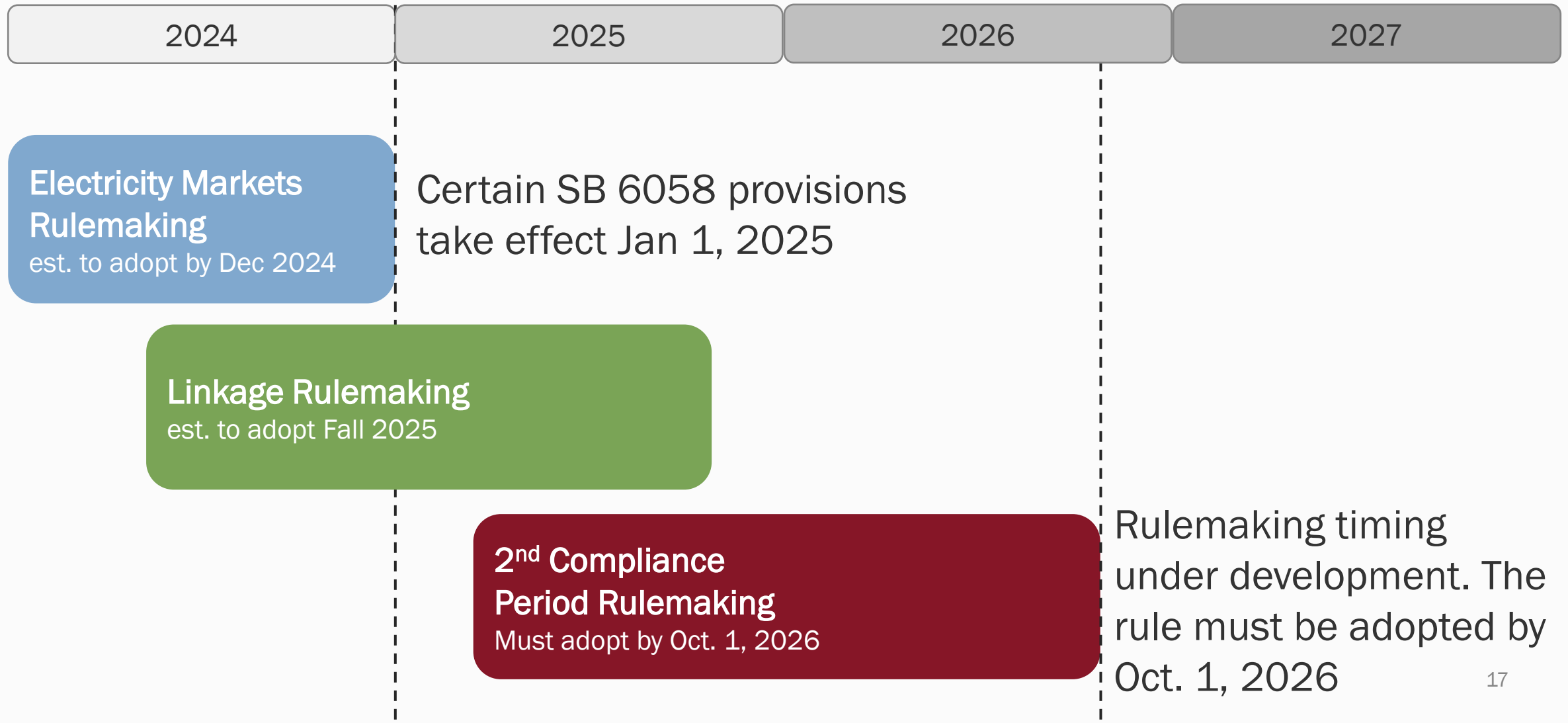
## 2<sup>nd</sup> Compliance Period Rulemaking

Must adopt by Oct. 1, 2026

Adopt method addressing electricity imported through centralized electricity markets



# Overview of opportunities to amend electricity provisions in WAC 173-441 and -446



# Considerations for SB 6058 implementation

- SB 6058 takes effect: January 1, 2025
  - Some provisions implemented through rulemaking
- SB 6058 addressed linkage related topics additional to electricity specific provisions
- Will provide information about implementation this Fall
- Provide clarity to reporting and covered entities and enable smooth transition to promote Program and market stability



# Electricity topics for discussion today

- Open forum for any topics
- Next steps to address centralized electricity markets
- Wheel-through framework

## Goals for discussion:

- Listen to and ensure Ecology understands comment from electricity sector stakeholders.
- For Ecology to understand the scope and diversity of comment on electricity sector topics.



# Discussion guidelines

- 25 minutes per topic
- Zoom whiteboard
  - Briefly summarize (less than 4 sentences) major concerns, suggestions, details that will need to be considered in rule or guidance, or questions for Ecology.
- Open discussion





# Discussion topic 1

- Open forum
  - Any topics of concern, ECY did not indicate are planned in rulemaking or otherwise under consideration?
  - Any concerns or suggestions given current implementation of Cap-and-Invest and Greenhouse Gas Emissions Reporting Programs by Ecology
  - Any other comments, concerns, or suggestions

## Discussion topic 2

- Centralized electricity markets
  - Unspecified electricity
  - Emissions leakage
  - Accounting for centralized electricity markets with different market operators

# Discussion topic 3

- Wheel-through framework
  - Transition from netting to wheel-throughs
  - Potential overlap of netting and wheel-through frameworks
  - Data available to support reporting and considerations for implementation
  - Additional electricity not directly specified in SB 6058 (see underline)?
- Definition specified in SB 6058: "Electricity wheeled through the state" means electricity that is generated outside the state of Washington and delivered into Washington with the final point of delivery outside Washington including, but not limited to, electricity wheeled through the state on a single NERC e-tag, or wheeled into and out of Washington at a common point or trading hub on the power system on separate e-tags within the same hour.

## Next steps

- Contact Camille Sultana with questions or additional feedback at [CCAElectricity@ecy.wa.gov](mailto:CCAElectricity@ecy.wa.gov)
- Sign up for the [Cap-and-Invest electricity forums email list](#)
  - Another forum in 2024
  - Electricity focused workshop for linkage rulemaking this fall
- Public meeting on linkage rulemaking
  - Fall 2024