



Concise Explanatory Statement Chapters 173-441 and 173-446 WAC, Electricity Markets

Summary of Rulemaking and Response to Comments

Washington State Department of Ecology
Olympia, Washington

December 2024, Publication 24-14-081

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Department of Ecology's Regional Offices

Map of Counties Served



Southwest Region 360-407-6300	Northwest Region 206-594-0000	Central Region 509-575-2490	Eastern Region 509-329-3400
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Region	Counties served	Mailing Address	Phone
Southwest	Clallam, Clark, Cowlitz, Grays Harbor, Jefferson, Mason, Lewis, Pacific, Pierce, Skamania, Thurston, Wahkiakum	PO Box 47775 Olympia, WA 98504	360-407-6300
Northwest	Island, King, Kitsap, San Juan, Skagit, Snohomish, Whatcom	PO Box 330316 Shoreline, WA 98133	206-594-0000
Central	Benton, Chelan, Douglas, Kittitas, Klickitat, Okanogan, Yakima	1250 W Alder St Union Gap, WA 98903	509-575-2490
Eastern	Adams, Asotin, Columbia, Ferry, Franklin, Garfield, Grant, Lincoln, Pend Oreille, Spokane, Stevens, Walla Walla, Whitman	4601 N Monroe Spokane, WA 99205	509-329-3400
Headquarters	Across Washington	PO Box 46700 Olympia, WA 98504	360-407-6000

Concise Explanatory Statement

Chapters 173-441 and 173-446 WAC Electricity Markets Rule

Climate Pollution Reduction Program
Washington State Department of Ecology
Olympia, WA

December 2024 | Publication 24-14-081



DEPARTMENT OF
ECOLOGY
State of Washington

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Abbreviations and Acronyms

ACS	Asset-controlling supplier
APA	Administrative Procedure Act
BAA	Balancing authority area
BPA	Bonneville Power Administration
CAISO	California Independent System Operator
CARB	California Air Resources Board
CCA	Climate Commitment Act
CEMs	Centralized electricity markets
Ecology	Washington State Department of Ecology
EDAM	Extended Day Ahead Market
EIM	Western Energy Imbalance Market
EPE	Electric power entity
E2SSB 6058	Engrossed Second Substitute Senate Bill 6058
FJD	First jurisdictional deliverer
FRA	Final regulatory analyses
MWh	Megawatt-hour
PGP	Public Generating Pool
PSE	Puget Sound Energy
RECs	Renewable energy credits
RCW	Revised Code of Washington
SPP	Southwest Power Pool
WAC	Washington Administrative Code
WPTF	Western Power Trading Forum

Table of Contents

Introduction..... 1

Reasons for Adopting the Rule 2

Differences Between the Proposed Rule and Adopted Rule 3

List of Commenters and Response to Comments 7

Response to Comments..... 16

Introduction

The purpose of a Concise Explanatory Statement is to:

- Meet the Administrative Procedure Act (APA) requirements for agencies to prepare a Concise Explanatory Statement (RCW 34.05.325).
- Provide reasons for adopting the rule.
- Describe any differences between the proposed rule and the adopted rule.
- Provide Ecology's response to public comments.

This Concise Explanatory Statement provides information on The Washington State Department of Ecology's (Ecology) rule adoption for:

Title:	Electricity Markets Rulemaking
WAC Chapter(s):	173-441 WAC and 173-446 WAC
Adopted date:	December 3, 2024
Effective date:	January 3, 2025

To see more information related to this rulemaking or other Ecology rulemakings please visit our website: <https://ecology.wa.gov/About-us/How-we-operate/Laws-rules-rulemaking>.

Reasons for Adopting the Rule

In 2021, the Washington State Legislature passed the Climate Commitment Act (CCA), which established a Cap-and-Invest Program to help Washington meet greenhouse gas emission limits by statutory deadlines (RCW 70A.45.020). The Washington State Department of Ecology (Ecology) adopted the Climate Commitment Act Program Rule (Chapter 173-446 WAC) to implement the Climate Commitment Act Law (Chapter 70A.65 RCW), in conjunction with amendments to the Reporting of Emissions of Greenhouse Gases Rule (Chapter 173-441 WAC), in 2022. The CCA requires Ecology to adopt a methodology in rule to address imported electricity associated with centralized electricity markets (CEMs) by October 1, 2026.

The purpose of these updates is to help determine which entities will be responsible for emissions associated with electricity imported to Washington. This rulemaking does not modify eligibility criteria for inclusion under the Cap-and-Invest Program. The rule establishes a framework that accounts for specified sources of electricity imported to Washington via CEMs. The resulting compliance obligation is assigned in Chapter 173-446 WAC, and the processes and procedures for identifying resources are contained in Chapter 173-441 WAC.

This rulemaking is intended to apply to existing and future centralized electricity markets, including the Western Energy Imbalance Market (EIM), Extended Day Ahead Market (EDAM), and Markets Plus (Markets+). The updates also address other issues related to the reporting of greenhouse gas emissions for entities importing electricity to Washington.

Differences Between the Proposed Rule and Adopted Rule

RCW 34.05.325(6)(a)(ii) requires Ecology to describe the differences between the text of the proposed rule as published in the Washington State Register and the text of the rule as adopted, other than editing changes, stating the reasons for the differences.

There are some differences between the proposed rule filed on June 27, 2024, and the adopted rule filed on December 3, 2024. Ecology made these changes for all or some of the following reasons:

- In response to comments we received.
- To ensure clarity and consistency.
- To meet the intent of the authorizing statute.

The following content describes the changes and Ecology’s reasons for making them.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(2)(b)	1) Added language identifying the “participating resource scheduling coordinator” as the deemed market importer for EDAM, subject to approval by Ecology 2) Clarified the scope of Ecology’s approval of attribution methodologies 3) Added “or system”	Changes 1-2 were made to improve clarity and in response to comments. Change 3 was requested by multiple commenters. The proposed definition referred to electricity from a resource. The final rule clarifies that the electricity can also be from a system.
WAC 173-441-124(2)(f)(ix)	Changed “(c)(vii)” to “(c)(viii).”	Administrative change to correct a reference error in the rule language.
WAC 173-441-124(2)(g)	Removed proposed addition of market-specific language.	Ecology determined that the existing, previously adopted definition is sufficiently broad to encompass relevant electricity market concepts.
WAC 173-441-124(2)(j)	Reverted to original text by changing “maybe” to “is.”	Ecology determined that the existing, previously adopted definition is appropriate. This change is intended to improve clarity and maintain consistency with existing reporting practices.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(2)(v)	Replaced “designed by” with “operated by” and removed “day ahead” from “day ahead electricity market.”	This change was made in response to comments, and to improve accuracy and align with the definitions of Energy Imbalance Market and Extended Day Ahead Market.
WAC 173-441-124(2)(hh)	<p>1) Clarified circumstances under which reporting entities are required to indicate that the electricity they are offering into the market is available to serve load in Washington.</p> <p>2) Removed requirement for specified source electricity to be contracted to a retail provider or surplus electricity.</p>	<p>1) This change was made to improve clarity and ensure consistency with the deemed market importer framework.</p> <p>2) This change was made in response to comments expressing concern about the role of surplus electricity. After careful consideration, Ecology has withheld the surplus electricity provisions and determined that this definition does not need to require contracting with a retail provider for reporting purposes under this rule.</p>
WAC 173-441-124(2)(jj)	Added language “or a resource or system identified by the market operator of a centralized electricity market as the source of electricity assigned, designated, deemed, or attributed to be serving Washington electric load.”	This change was suggested by the Western Power Trading Forum so that the definition applies to centralized electricity markets.
WAC 173-441-124(2)(kk)	Removed proposed definition of surplus energy from final rule.	Commenters expressed concerns about surplus electricity determinations and requested additional stakeholder engagement opportunities to inform the development of guidance by Ecology. After careful consideration, we decided to withhold surplus electricity concepts, including the definition of surplus electricity, to ensure that reporting requirements under this rule are clear. Ecology looks forward to continued engagement with interested parties on the development of surplus provisions that appropriately address emissions leakage.

Rule Changes Between CR-102 and CR-103

Section	Change	Reason for Change
WAC 173-441-124(2)(kk)	Renumbered from WAC 173-441-124(2)(ll)	Administrative change because the surplus energy definition was removed.
WAC 173-441-124(2)(ll)	Renumbered from WAC 173-441-124(2)(mm).	Administrative change because the surplus energy definition was removed.
WAC 173-441-124(3)(a)(v)(A)-(D)	<ol style="list-style-type: none"> 1) Removed reference to subsection (c)(iv). 2) Expanded Subparagraph (A) to cover “market participants,” in addition to retail providers. 3) Added subparagraph (B) outlining interim reporting requirements for the Western Energy Imbalance Market. 4) Renumbered subparagraphs (B) and (C) to (C) and (D), respectively. 	<ol style="list-style-type: none"> 1) Administrative change because subsection (c)(iv) was omitted from the final rule. 2) This change was made to improve clarity and accuracy. 3) This change was made to clarify the continued reporting of Western Energy Imbalance Market imports in MWh until the deemed market importer framework takes effect. 4) Administrative change to accommodate the addition of subparagraph (B).
WAC 173-441-124(3)(e)(v)(D)	Rephrased in terms of which facilities the asset-controlling supplier “anticipates” will be part of its greenhouse gas report.	In response to comments, we made this change to ensure that requirements for asset-controlling suppliers are clear and consistent.
WAC 173-441-124(3)(f)(B)(iii)	<ol style="list-style-type: none"> 1) Changed "electric power entity" to "reporting entity." 2) Added language to clarify that the “reporting entity” is responsible for providing records to Ecology. 	<ol style="list-style-type: none"> 1) This change was requested by the Public Generating Pool to encompass reporting entities that are not necessarily electric power entities. 2) Based on feedback from the Southwest Power Pool, we added language to make it clear that the reporting entity, as opposed to the market operator, is responsible for providing the records to Ecology.

Rule Changes Between CR-102 and CR-103		
Section	Change	Reason for Change
WAC 173-441-124(3)(c)(iv)	Removed requirement that retail providers report net purchases from centralized electricity markets.	We removed the additional reporting requirement to provide clarity for reporting entities. The additional reporting requirement was not necessary to establish the deemed market importer framework, and it did not impact covered emissions. This change was requested by multiple commenters.
WAC 173-446-040(3)(e)(iii)	<p>1) Updated statutory references with relevant RCW citations.</p> <p>2) Added the term "opt-in" before "election" in reference to a federal power marketing administration's opt-in election taking effect.</p>	<p>1) E2SSB 6058 has now been codified.</p> <p>2) This change was made to improve clarity.</p>
WAC 173-446-040(3)(e)(iv)	Mirrored caveat about Ecology approving methodologies "for purposes of reporting" under Chapter 173-441 WAC.	The proposed rule language required the attribution methodologies established by a market operator to be approved by Ecology. The final rule clarifies that Ecology's approval authority applies to methodologies put in place "for purposes of reporting" under this rule.

List of Commenters and Response to Comments

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	b. Definition of Electricity Exporter
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	c. Definition of Exported Electricity
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	d. Definition of Electricity Importer and Backstop Provisions
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	e. Definitions of Final Point of Delivery, First Point of Receipt, and Source of Generation
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	f. Definition of Specified Source of Electricity
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	k. Definition of Surplus Electricity
Breidenich	Clare	Western Power Trading Forum	B-2	V. Data Requirements and Calculation Methods	a. Exported Electricity

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Breidenich	Clare	Western Power Trading Forum	B-2	V. Data Requirements and Calculation Methods	b. Requirements for Asset Controlling Suppliers
Breidenich	Clare	Western Power Trading Forum	B-2	V. Data Requirements and Calculation Methods	c. Additional Information for Specified Source Claims
Breidenich	Clare	Western Power Trading Forum	B-2	V. Data Requirements and Calculation Methods	e. Elimination of Two-Step Submissions for Electric Power Entities
Breidenich	Clare	Western Power Trading Forum	B-2	VII. Other	b. E2SSB 6058 Provisions
Doherty	Siobhan	Seattle City Light	C-3	II. Electricity Markets Rulemaking Phase 2	
Doherty	Siobhan	Seattle City Light	C-3	III. Support	a. Interim Treatment of Western Energy Imbalance Market Imports
Doherty	Siobhan	Seattle City Light	C-3	III. Support	b. Support for Rulemaking
Doherty	Siobhan	Seattle City Light	C-3	IV. Definitions	a. Definition of Deemed Market Importer

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Doherty	Siobhan	Seattle City Light	C-3	IV. Definitions	f. Definition of Specified Source of Electricity
Doherty	Siobhan	Seattle City Light	C-3	IV. Definitions	k. Definition of Surplus Electricity
Doherty	Siobhan	Seattle City Light	C-3	VI. Reporting	c. Additional Reporting Requirements for Retail Providers
Frankiewich	Kyle	Tacoma Power	D-4	III. Support	a. Interim Treatment of Western Energy Imbalance Market Imports
Frankiewich	Kyle	Tacoma Power	D-4	III. Support	b. Support for Rulemaking
Frankiewich	Kyle	Tacoma Power	D-4	IV. Definitions	a. Definition of Deemed Markets Importer
Frankiewich	Kyle	Tacoma Power	D-4	IV. Definitions	d. Definition of Electricity importer and Backstop provisions
Frankiewich	Kyle	Tacoma Power	D-4	IV. Definitions	f. Definition of Specified Source of Electricity

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Frankiewich	Kyle	Tacoma Power	D-4	IV. Definitions	i. Definition of Market Participant
Frankiewich	Kyle	Tacoma Power	D-4	IV. Definitions	j. Definition of Market Plus
Frankiewich	Kyle	Tacoma Power	D-4	IV. Definitions	k. Definition of Surplus Electricity
Frankiewich	Kyle	Tacoma Power	D-4	IV. Definitions	l. Definition of Direct Delivery of Electricity
Frankiewich	Kyle	Tacoma Power	D-4	V. Data Requirements and Calculation Methods	d. Western Energy Imbalance Market Electricity Imports
Frankiewich	Kyle	Tacoma Power	D-4	VI. Reporting	c. Additional Requirements for Retail Providers
Frankiewich	Kyle	Tacoma Power	D-4	VII. Other	a. Double Counting
Gilbert	Anja	California Independent System Operator	E-5	III. Support	b. General support for Rulemaking
Gilbert	Anja	California Independent System Operator	E-5	IV. Definitions	f. Definition of Specified Source of Electricity

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Gilbert	Anja	California Independent System Operator	E-5	IV. Definitions	k. Definition of Surplus Electricity
Grimes	Lucas	Center for Resource Solutions	F-6	VII. Other	d. Renewable Energy Credits
Hughes	Nikkole	Public Generating Pool	G-7	II. Electricity Markets Rulemaking Phase 2	
Hughes	Nikkole	Public Generating Pool	G-7	III. Support	a. Interim Treatment of Western Energy Imbalance Market Imports
Hughes	Nikkole	Public Generating Pool	G-7	III. Support	b. General Support for Rulemaking
Hughes	Nikkole	Public Generating Pool	G-7	IV. Definitions	a. Definition of Deemed Market Importer
Hughes	Nikkole	Public Generating Pool	G-7	IV. Definitions	d. Definition of Electricity Importer and Backstop Provisions
Hughes	Nikkole	Public Generating Pool	G-7	IV. Definitions	f. Definition of Specified Source of Electricity

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Hughes	Nikkole	Public Generating Pool	G-7	IV. Definitions	j. Definition of Markets Plus
Hughes	Nikkole	Public Generating Pool	G-7	IV. Definitions	k. Definition of Surplus Electricity
Hughes	Nikkole	Public Generating Pool	G-7	VI. Reporting	c. Additional Requirements for Retail Providers
Hughes	Nikkole	Public Generating Pool	G-7	VI. Reporting	d. Verification Requirements
Kaseweter	Alisa	Bonneville Power Administration	H-8	II. Electricity Markets Rulemaking Phase 2	
Kaseweter	Alisa	Bonneville Power Administration	H-8	III. Support	b. General Support for Rulemaking
Kaseweter	Alisa	Bonneville Power Administration	H-8	IV. Definitions	a. Definition of Deemed Market Importer
Kaseweter	Alisa	Bonneville Power Administration	H-8	IV. Definitions	b. Definition of Electricity Exporter

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Kaseweter	Alisa	Bonneville Power Administration	H-8	IV. Definitions	d. Definition of Electricity importer and Backstop provisions
Kaseweter	Alisa	Bonneville Power Administration	H-8	IV. Definitions	g. Definition of Electricity Transaction
Kaseweter	Alisa	Bonneville Power Administration	H-8	IV. Definitions	k. Definition of Surplus Electricity
Kaseweter	Alisa	Bonneville Power Administration	H-8	VI. Reporting	a. Asset-Controlling Supplier Reporting
Kaseweter	Alisa	Bonneville Power Administration	H-8	VI. Reporting	b. Reporting of Settlement Data
Kaseweter	Alisa	Bonneville Power Administration	H-8	VI. Reporting	c. Additional Requirements for Retail Providers
O'Guinn	Kimberly	Southwest Power Pool	I-9	II. Electricity Markets Rulemaking Phase 2	
O'Guinn	Kimberly	Southwest Power Pool	I-9	V. Data Requirements and Calculation Methods	c. Additional Information for Specified Source Claims

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Reed	Cameron	Puget Sound Energy	J-10	I. Guidance	
Reed	Cameron	Puget Sound Energy	J-10	II. Electricity Markets Rulemaking Phase 2	
Reed	Cameron	Puget Sound Energy	J-10	III. Support	b. General Support for Rulemaking
Reed	Cameron	Puget Sound Energy	J-10	IV. Definitions	d. Definition of Electricity importer and Backstop Provisions
Reed	Cameron	Puget Sound Energy	J-10	IV. Definitions	h. Definition of Imported Electricity
Reed	Cameron	Puget Sound Energy	J-10	IV. Definitions	j. Definition of Markets Plus
Reed	Cameron	Puget Sound Energy	J-10	IV. Definitions	l. Definition of Direct Delivery of Electricity
Reed	Cameron	Puget Sound Energy	J-10	VII. Other	b. E2SSB 6058 Provisions
Wilding	Michael	PacifiCorp	K-11	I. Guidance	
Wilding	Michael	PacifiCorp	K-11	III. Support	b. General Support for Rulemaking

Last Name	First Name	Affiliation (if applicable)	Code	Category	Topic
Adcock	Jim	N/A	A-1	VII. Other	c. General Concern
Breidenich	Clare	Western Power Trading Forum	B-2	I. Guidance	
Breidenich	Clare	Western Power Trading Forum	B-2	II. Electricity Markets Rulemaking Phase 2	
Breidenich	Clare	Western Power Trading Forum	B-2	III. Support	b. General Support for Rulemaking
Breidenich	Clare	Western Power Trading Forum	B-2	IV. Definitions	a. Definition of Deemed Market Importer
Wilding	Michael	PacifiCorp	K-11	IV. Definitions	h. Definition of Imported Electricity
Wilding	Michael	PacifiCorp	K-11	IV. Definitions	k. Definition of Surplus Electricity
Wilding	Michael	PacifiCorp	K-11	V. Data Requirements and Calculation Methods	e. Elimination of Two-Step Submissions for Electric Power Entities

Response to Comments

Comments are organized by category and topic. This is a complex rulemaking with various issues and questions, many of which overlap.

Topics

We organized comments and responses together under each category. We used the following topics to group similar comments:

- I. Guidance**
- II. Electricity Markets Rulemaking Phase 2**
- III. Support**
 - a. Interim Treatment of Western Energy Imbalance Market Imports
 - b. Support for Rulemaking
- IV. Definitions**
 - a. Definition of Deemed Market Importer
 - b. Definition of Electricity Exporter
 - c. Definition of Exported Electricity
 - d. Definition of Electricity Importer and Backstop Provisions
 - e. Definitions of Final Point of Delivery, First Point of Receipt, and Source of Generation
 - f. Definition of Specified Source of Electricity
 - g. Definition of Electricity Transaction
 - h. Definition of Imported Electricity
 - i. Definition of Market Participant
 - j. Definition of Markets Plus
 - k. Definition of Surplus Electricity
 - l. Definition of Direct Delivery of Electricity
- V. Data Requirements and Calculation Methods**
 - a. Exported Electricity
 - b. Requirements for Asset Controlling Suppliers
 - c. Additional Information for Specified Source Claims
 - d. Western Energy Imbalance Market Electricity Imports
 - e. Elimination of Two-Step Submissions for Electric Power Entities

VI. Reporting

- a. Asset-Controlling Supplier Reporting
- b. Reporting of Settlement Data
- c. Additional Requirements for Retail Providers
- d. Verification Requirements

VII. Other

- a. Double Counting
- b. E2SSB 6058 Provisions
- c. General Concern
- d. Renewable Energy Credits

I. Guidance

Commenters: B-2 (Western Power Trading Forum); J-10; (Puget Sound Energy)

Summary: Commenters asked Ecology to publish detailed guidance outside of this rulemaking to entities reporting electricity imports ahead of the June 1 deadline. Commenters requested Ecology to speak to topics that are applicable to electricity imports generally, such as identifying wheel throughs, lesser of calculations, and deliveries at Mid-C hub. These topics are not specific to electricity imported through centralized electricity markets.

Response: Ecology thanks commenters for their input. We want to assure commenters that their input has been heard. Staff will carefully consider all comments submitted to Ecology to date (including all previous and ongoing rulemakings associated with Chapters 173-441 and 173-446 WAC), as we consider developing guidance and rule to clarify reporting of electricity imported into Washington. Moreover, Ecology is committed to providing interested parties with guidance, as the need arises, before relevant deadlines under this rule take effect. Staff encourages interested parties to continue to inform Ecology’s work by participating in the recently initiated Cap-and-Invest Electricity Forums and comment period opportunities in relevant rulemakings. We appreciate the commitment that interested parties have made in supporting the development of Ecology programs.

Commenter: K-11(PacifiCorp)

Summary: PacifiCorp recommended that Ecology effectuate decisions through guidance as opposed to rules. PacifiCorp also requested guidance that clearly distinguishes between the different organized markets that are expected to operate in Washington.

Response: Ecology thanks PacifiCorp for their comment and ongoing participation in this rulemaking. Ecology is required to by RCW 70A.65.080(1)(c) to “adopt by rule a methodology for addressing imported electricity associated with a centralized electricity market.” Where appropriate and as the need arises, Ecology will also consider developing additional supporting materials related to this rule. Staff encourages PacifiCorp to continue to inform Ecology work by participating in the recently initiated Cap-and-Invest Electricity Forums and comment period opportunities in relevant rulemakings.

II. Electricity Markets Rulemaking Phase 2

Commenters: B-2 (Western Power Trading Forum); H-8 (Bonneville Power Administration); J-10 (Puget Sound Energy); D-4 (Tacoma Power); G-7 (Public Generating Pool); I-9 (Southwest Power Pool); C-3 (Seattle City Light)

Summary: Commenters expressed support for Ecology’s decision to narrow the rulemaking scope in the first phase of the Electricity Markets Rule development. Some commenters asked Ecology to initiate Phase 2 of the Electricity Markets Rulemaking expediently to address unspecified market imports and emissions leakage

before the go-live dates of key markets. Commenters encouraged Ecology to finalize Phase 2 of the rulemaking before Markets+ is expected to begin operations in early 2027.

Additionally, some commenters noted the need for deeper dialogue and coordination on concepts that need additional analysis and discussion within Phase 2. Commenters expressed an interest in continuing dialogue on concepts that need additional analysis and discussion, including unspecified electricity and emissions leakage.

Response: Ecology thanks commenters for raising the important topics of emissions leakage and unspecified market imports. We are committed to adopting regulations that address these topics before the October 1, 2026, statutory deadline set by Chapter 70A.65 RCW. Ecology is actively considering how to address these topics as part of current and future rulemaking processes.

The second phase of electricity regulations will be addressed as part of one or more separate rulemakings, such as the current rulemaking for linkage, and, if necessary, future rulemakings.

To support an informed approach to a variety of electricity topics, Ecology announced a series of Cap-and-Invest Electricity Forums on September 9, 2024. Ecology is hosting the Electricity Forums to provide a venue for regular communications with interested parties in the electricity sector. These forums are an opportunity for participants to engage in two-way dialogue on complex electricity sector topics within the Cap-and-Invest and Greenhouse Gas Emissions Reporting Programs. Ecology chose a forum format instead of a workgroup to enable participation from a greater diversity of electricity sector stakeholders. Ecology held the first Electricity Forum on October 3, 2024. The first forum provided an introduction to the forum structure, a presentation of electricity topics currently under development, a review of program timelines, and an opportunity to comment on the scope of Ecology’s work on different electricity-related topics. We encourage interested parties to participate in future Electricity Forums. Ecology appreciates the commitment interested parties have made in supporting thoughtful development of our programs.

III. Support

a. Interim Treatment of Western Energy Imbalance Market Imports

Commenters: G-7 (Public Generating Pool); D-4 (Tacoma Power); C-3 (Seattle City Light).

Summary: Commenters expressed support for Ecology’s decision to continue a “report-only” approach to electricity imports from the Western Energy Imbalance Market (EIM) during the interim period between the launch of Washington’s Cap-and-Invest Program and the operationalization of market changes necessary to implement a resource-specific attribution mechanism that complies with our rules. Commenters said it was appropriate for Ecology to continue a report-only interim approach with respect to the EIM through the first compliance period of the Cap-and-

Invest Program. Commenters noted this approach facilitates continued EIM participation for electric power entities in Washington while the market operator works to enable resource-specific attribution, which should benefit customers overall.

Response: Thank you for your comments in support of the report-only interim approach for EIM imports. Until resource-specific attribution is enabled by the market operator, EIM market participants will not have the data they need to report as deemed market importers. Ecology understands that the California Independent System Operator will enable resource-specific attribution when it launches the Extended Day Ahead Market in mid-2026. We intend to adopt a rule that aligns with timelines for centralized electricity markets and benefits both market participants and ratepayers as a whole.

b. General Support for Rulemaking

Commenters: G-7 (Public Generating Pool); D-4 (Tacoma Power); C-3 (Seattle City Light); B-2 (Western Power Trading Forum); K-11(PacifiCorp); J-10 (Puget Sound Energy); E-5 (CAISO); H-8 (Bonneville Power Administration).

Summary: Commenters expressed general support for Ecology’s draft rules, responsiveness to feedback, and the direction Ecology has taken throughout this rulemaking. Additionally, commenters appreciated the opportunities to provide Ecology input on the draft rule language.

Response: Ecology thanks the commenters for their support and input throughout the rulemaking process. We are committed to working collaboratively with interested parties on the continued development of electricity regulations for unspecified market imports and emissions leakage. Ecology encourages all interested parties to participate in Cap-and-Invest Electricity Forums as we transition our focus from the first phase of electricity market regulations to the second.

IV. Definitions

a. Definition of Deemed Market Importer

Commenters: B-2 (Western Power Trading Forum); H-18 (Bonneville Power Administration); D-4 (Tacoma Power)

Summary: Commenters recommended revising the definition of deemed market importer to account for the possibility that an entity other than an individual resource, such as the Bonneville Power Administration, could offer electricity from a system of resources. The Western Power Trading Forum also suggested revising the definition to clarify that it is electricity, and not a market participant, that gets deemed.

Response: Thank you for your feedback. We agree that it is electricity, not a market participant, that gets deemed by a market operator. We revised the definition to make this distinction clear. Ecology also agrees that an entity other than an individual resource, such as a federal power marketing administration, could be a deemed

market importer. We applied commenters’ suggested changes by clarifying that a market participant can offer energy from a resource “or system.”

Commenters: H-18 (Bonneville Power Administration); C-3 (Seattle City Light); D-4 (Tacoma Power)

Summary: Commenters expressed concern that the definition of deemed market importer required Ecology to approve the methodologies, processes, or decision algorithms that are put in place by a market operator. Commenters stated that Ecology does not have the authority to approve elements of market design. They suggested revising the definition to require that the methodologies, processes, or decision algorithms be “based on guidance” documentation, instead of requiring them to be “approved” by Ecology.

Response: Thank you for your comments. With respect to the “methodologies, processes, or decision algorithms that are put in place by the market operator” and “approved by Ecology,” Ecology is not claiming authority beyond the narrow scope of approving greenhouse gas market attribution processes that are necessary to implement the Climate Commitment Act (CCA). Ecology is responsible for implementing the Cap-and-Invest Program and ensuring the accuracy of greenhouse gas reporting under the CCA. To ensure accuracy, we must approve the methodologies by which a market operator identifies the greenhouse gas attributes supporting electricity identified by a CEM to serve Washington load. We have revised the definition to clarify that we only intend to approve the methodologies, processes, or decision algorithms that are put in place by the market operator “for purposes of reporting under this rule.”

Commenter: G-7 (Public Generating Pool)

Summary: The Public Generating Pool recommended specifying that the participating resource scheduling coordinator will be the deemed market importer for the Extended Day Ahead Market (EDAM), as well as for the Western Energy Imbalance Market (EIM).

Response: Ecology thanks the Public Generating Pool for their comments. We agree with your suggestion to specify that for the EDAM, the deemed market importer will be the participating resource scheduling coordinator—provided Ecology approves the methodologies, processes, or decision algorithms put in place by the market operator for purposes of reporting under this rule. Although we identify who the deemed market importer will be in the context of the EIM and EDAM, we do not intend for this to be an exhaustive list. The definition of deemed market importer is sufficiently descriptive to apply to other centralized electricity markets, including Markets Plus.

b. Definition of Electricity Exporter

Commenters: B-2 (Western Power Trading Forum)

Summary: The Western Power Trading Forum (WPTF) suggested expanding the definition of “electricity exporter” to address the possibility of specified exports of electricity being offered into centralized electricity markets (CEMs). WPTF

recommend not expanding this definition to include unspecified electricity exports via CEMs.

Response: Ecology thanks WPTF for their comment. Ecology has chosen not to incorporate the proposed amendment in the final rule. Considering the complexities of CEMs, particularly the ongoing development of day-ahead markets, Ecology must ensure there is ample opportunity for interested parties to provide feedback on regulations that would affect reporting provisions. In this final rule, Ecology is prioritizing regulatory changes that establish a framework for accounting for specified electricity imported through CEMs.

This Electricity Markets Rule is Ecology's first step in updating program policy and reporting rules to address CEMs. We will make additional changes, as needed, in separate rulemakings to address CEMs in Chapter 173-441 WAC and Chapter 173-446 WAC, and we will consider all relevant, previously submitted comments from interested parties. We encourage WPTF to participate in the Cap-and-Invest Electricity Forums and continue to submit comment in related rulemakings. We appreciate the commitment WPTF has made in supporting the thoughtful development of Ecology programs.

Commenters: H-18 (Bonneville Power Administration)

Summary: The Bonneville Power Administration (BPA) inquired about what scenarios Ecology intends to capture with the existing definition of “electricity exporter,” and how that will work in practice. Because federal system resources are assumed by statute to be located outside of Washington, BPA commented that this language does not apply to BPA, but rather, to non-federal resources located in Washington that export power using a schedule point that is within BPA’s Balancing Authority Area (BAA). BPA recommended that Ecology should clarify this provision.

Response: Ecology thanks BPA for their comment. The language that defines the exporter for “electricity that is exported from a designated scheduling point in the BAA of a federal power marketing administration” is intended to identify the exporter that is using a schedule point within BPA’s BAA, as BPA stated in their comment. Electricity sourced from federal resources within an asset-controlling supplier’s system would be reported using the reporting methodology for asset-controlling suppliers per WAC 173-441-124(3)(b)(iii) and WAC 173-441-124(3)(e).

In this final rule, Ecology is prioritizing regulatory changes that establish a framework for accounting for specified electricity imported through centralized electricity markets. We will make additional changes, as needed in separate rulemakings, to address reporting of electricity imports in Chapter 173-441 WAC and consider all relevant previously submitted comments from interested parties. Ecology will carefully consider these suggestions and request for clarification in future electricity-related work.

c. Definition of Exported Electricity

Commenters: B-2 (Western Power Trading Forum)

Summary: The Western Power Trading Forum (WPTF) recommended expanding the definition of “exported electricity” to address the possibility of specified exports of electricity being offered into a centralized electricity market.

Response: Ecology thanks WPTF for their comments. Please see our response to WPTF’s comment on the definition of “electricity exporter.”

d. Definition of Electricity Importer and Backstop Provisions

Commenters: B-2 (Western Power Trading Forum); H-18 (Bonneville Power Administration); G-7 (Public Generating Pool); J-10 (Puget Sound Energy); D-4 (Tacoma Power).

Summary: Commenters noted that this rulemaking does not establish “backstop” greenhouse gas emissions reporting or Cap-and-Invest compliance provisions in the event that the Bonneville Power Administration (BPA) participates in a centralized electricity market (CEM) but does not voluntarily elect to comply with the Cap-and-Invest Program by registering as an opt-in entity.

To address this issue, commenters asked Ecology to amend the definition of “electricity importer” to clarify which entity would be considered the importer for electricity imported by BPA through a CEM, if BPA elects not to be the first jurisdictional deliverer. Commenters recommended rule language identifying applicable Washington retail providers as the “backstop” electricity importer. Commenters also recommended rule language enabling the “backstop” electricity importer to report the imported electricity as specified source federal system power.

Response: Thank you for your comments. With respect to BPA’s discretion to opt-in to assume the compliance obligation for covered emissions, the amended version of WAC 173-446-040(3)(e)(iii) says, “If no such election has been made by that federal power marketing administration, then the requirements of (e)(ii) of this subsection apply to the [greenhouse gas] emissions associated with that electricity.” The aforementioned subsection, WAC 173-446-040(3)(e)(ii), identifies the electricity importer in the event that a federal power marketing administration does not voluntarily opt-in as the “next purchasing-selling entity in the physical path on the NERC e-tag.” If there is no additional purchasing-selling entity over which the state of Washington has jurisdiction, then the electricity importer is the “utility that purchases electricity for use in the state of Washington from that federal power marketing administration or the generation balancing authority.”

Although the electricity importer with a compliance obligation is identified by existing regulations in the event BPA does not voluntarily opt-in, Ecology recognizes that interested parties have concerns about how these existing regulations align with the deemed market importer framework. Where appropriate and as the need arises, Ecology will consider additional regulatory changes in future rulemakings, such as the rulemaking for linkage, which addresses other changes required by E2SSB 6058.

The current Electricity Markets rulemaking began before E2SSB 6058 was signed into law. E2SSB 6058 made a number of changes that affect BPA’s opt-in requirements. We believe it is important that these changes be considered together, and with opportunities for input and review by interested parties.

We acknowledge the importance of additional dialogue on influential topics like identifying entities responsible for imported electricity. Ecology is committed to addressing centralized electricity markets thoughtfully and ensuring any provisions incorporated in rule are aligned with market implementation.

To support an informed approach on a variety of electricity topics, Ecology is hosting a series of Cap-and-Invest Electricity Forums. We encourage interested parties to participate in the Electricity Forums and continue to submit comments in relevant rulemakings. We appreciate the commitment interested parties have made in supporting thoughtful development of Ecology programs.

e. Definitions of Final Point of Delivery, First Point of Receipt, and Source of Generation

Commenters: B-2 (Western Power Trading Forum)

Summary: The Western Power Trading Forum (WPTF) suggested modifying the definitions of “final point of delivery,” “first point of receipt” and “source of generation” to address electricity deliveries within centralized electricity markets (CEMs). For the definition of “final point of delivery,” WPTF recommended clarifying that the location of the load of the final point of delivery may be the market footprint. For the definition of “source of generation,” WPTF recommended clarifying that a generation source can include a resource or system that is identified by the market operator of a CEM to be serving Washington electric load. For the definitions of “final point of delivery” and “first point of receipt,” WPTF recommended clarifying that e-tags may not be used to document electricity deliveries not only within a balancing authority, but also within a CEM. For the definition of “final point of delivery,” WPTF recommended specifying that the location of the load of the final point of delivery may be the market footprint.

Response: Ecology thanks WPTF for their comments. Ecology agrees with WPTF’s suggestion to amend the definition of “source of generation” and has applied this revision to the rule language.

However, Ecology has not revised the definitions for “first point of receipt” and “final point of delivery”. The existing definitions of “final point of delivery” and “first point of receipt” already recognize that electricity deliveries may not be documented by e-tags. Transactions within balancing authority areas are provided as an illustrative example and is not an exclusive list.

f. Definition of Specified Source of Electricity

Commenters: B-2 (Western Power Trading Forum); C-3 (Seattle City Light); D-4 (Tacoma Power); E-5 (California Independent System Operator); G-7 (Public Generating Pool)

Summary: Commenters expressed concerns about the role of surplus electricity in the proposed definition of specified source of electricity or specified source. Some commenters said Ecology’s process for approving a methodology to identify surplus electricity was not sufficiently clear. Other commenters suggested that the “methodologies” subject to approval by Ecology seemed to extend to elements of market design that should be decided solely by market operators.

The California Independent System Operator suggested a more expansive definition of specified source on the basis that Ecology’s surplus energy concept, as proposed, does not apply to the Western Energy Imbalance Market (EIM) and the Extended Day Ahead Market (EDAM). The Western Power Trading Forum separately recommended reordering the sentences under the specified source definition so that the general rules appear before additional details that apply to centralized electricity markets (CEMs).

Response: Ecology recognizes the commenters’ concerns and appreciates their feedback. Ecology’s proposed definition of specified source required that electricity must be contracted to a Washington retail provider or be surplus electricity. We had intended for surplus energy provisions to limit the possibility of emissions leakage, or an underreporting of greenhouse gas emissions that may be generated out-of-state. Ecology agrees that emissions leakage, specifically secondary dispatch, is a valid concern. After careful consideration, Ecology has decided to withhold surplus electricity concepts from this rulemaking, including the surplus electricity definition and the requirement that electricity either be contracted to a Washington retail provider or be surplus electricity. We therefore also removed the requirement for methodologies identifying surplus electricity to be approved by Ecology.

EDAM and Markets+ are expected to begin operating in 2026 and 2027, respectively. The concerns expressed by impacted parties highlighted the importance of additional dialogue on highly technical and influential topics like surplus electricity and addressing emissions leakage. Ecology is committed to an informed approach addressing potential emissions leakage from CEMs and ensuring any provisions incorporated in rule are aligned with market implementation. Ecology is committed to addressing this topic by the October 1, 2026, statutory deadline.

Ecology has announced it will address the topics of emissions leakage and market imports of electricity from unspecified sources, in a future rulemaking process. To support an informed approach on a variety of electricity topics, Ecology is hosting a series of Cap-and-Invest Electricity Forums. We encourage interested parties to participate in the Electricity Forums and continue to submit comment in relevant rulemakings. We appreciate the commitment interested parties have made in supporting thoughtful development of Ecology programs.

Ecology did retain in the final rule that for electricity reported as specified source that was deemed to be serving Washington electric load by methods established by the market operator of a CEM, the methods must be approved by the Ecology. Ecology is responsible for implementing the Cap-and-Invest Program and ensuring the accuracy of greenhouse gas reporting under the Climate Commitment Act (CCA). To ensure accuracy, we must approve the methodologies by which a market operator identifies the greenhouse gas attributes supporting electricity identified by a CEM to serve Washington load. Ecology is not claiming authority beyond the narrow scope of approving greenhouse gas market attribution processes that are necessary to implement the CCA. Ecology has clarified this scope by adding “by the methodologies...for the purposes of reporting under this rule and approved by the department of ecology...” to language in the final rule.

g. Definition of Electricity Transaction

Commenters: H-18 (Bonneville Power Administration)

Summary: The Bonneville Power Administration (BPA) commented that the proposed definition of “electricity transaction” in WAC 173-441-124 (2)(g) referred to the purchase of energy by a “Washington utility.” However, market participants are not limited to Washington retail utilities. BPA can also act as a market participant in its role as a federal power marketing administration. BPA therefore recommended referring to the purchase of energy “by load” in Washington so that electricity transactions would also apply to BPA.

Response: Thank you for commenting on the proposed definition of “electricity transaction.” After careful consideration, we have concluded that the currently adopted definition of electricity transaction is sufficient to apply in the context of centralized electricity markets (CEMs). Ecology therefore decided not to make any substantive changes to this definition in the final rule.

The term is currently defined as “the purchase, sale, import, export or exchange of electric power.” We do not need to enumerate every possible instance of an electricity transaction, including transactions that occur with CEMs, in order for this term to apply. The only change that Ecology is adopting to the definition of “electricity transaction” is renumbering from WAC 173-441-124(2)(p) to WAC 173-441-124(2)(g).

h. Definition of Imported Electricity

Commenters: K-11 (PacifiCorp), J-10 (Puget Sound Energy)

Summary: Commenters expressed support for the emergency assistance provision in the definition of “imported electricity” but requested additional guidance to clarify its implementation.

Puget Sound Energy suggested “guidance or consultation with Ecology on the criteria for identifying these reliability imports.”

PacifiCorp requested guidance that clarifies whether Ecology intends to exempt obligations for electricity imported for emergency assistance. PacifiCorp commented that emergency assistance is not itemized by generator, so it is unclear how a balancing authority would quantify electricity imported into the state for emergency assistance on a generator-specific basis. PacifiCorp also noted that in the Western Energy Imbalance Market Emergency Assistance Transfer Program, participating entities “can see imports and exports during periods of program opt-in.” PacifiCorp commented that if its balancing authority areas (BAA) were “net importers” in such cases, then PacifiCorp “intends to identify the Washington-allocated share of imports during these periods as such in its greenhouse gas reporting,” and it expects that the associated emissions would be exempted.

Response: Ecology appreciates commenters’ feedback on the exclusion for emergency assistance from imported electricity as incorporated in the proposed and final rule. The definition of imported electricity is revised as below:

“Imported electricity” includes electricity transferred into or attributed to Washington by a ~~from an organized~~ centralized electricity market but does not include electricity imported into Washington by a market operator to obtain or provide emergency assistance under applicable emergency preparedness and operations reliability standards of the North American Electric Reliability Corporation or Western Electricity Coordinating Council, ~~such as the energy imbalance~~ market.

Ecology emphasizes that the exclusion for emergency assistance is applicable only to electricity imported by market operators, such as the California Independent System Operator or the Southwest Power Pool. The exclusion is not applicable to BAAs that are not the market operator of the centralized electricity market.

Under WAC 173-441-224(2)(f)(i), for electricity that is scheduled with an e-tag to a final point of delivery into a BAA located entirely within Washington state, the electricity importer is identified on the e-tag as the purchasing-selling entity on the last segment of the tag's physical path with the point of receipt located outside Washington state and the point of delivery located inside Washington state. The California Independent System Operator and Southwest Power Pool are not registered purchasing-selling entities under the North American Electric Reliability Corporation (NERC). However, in order to support some interchange transactions involving emergency assistance between BAAs, market operators may, rarely, be identified on a NERC e-Tag as a purchasing-selling entity. Under these circumstances, a market operator facilitates the delivery of electricity and is not an electricity importer for purposes of Chapter 173-441 WAC or Chapter 173-446 WAC. The addition clarifies that Chapters 173-441 and 173-446 WAC do not apply to market operators under these rare circumstances.

i. Definition of Market Participant

Commenters: D-4 (Tacoma Power)

Summary: Tacoma Power shared their understanding that the “approved tariff” in the definition of “market participant” refers to the tariff governing the organized market that is submitted by a market operator to the Federal Energy Regulatory Commission (FERC). Tacoma Power further clarified their understanding that market participants are not required to have an approved tariff.

Response: Thank you for commenting on the tariff language in the market participant definition. Your understanding is correct: the definition refers to the FERC-approved tariff governing the organized market, and there is no requirement for a market participant to have a tariff approved.

j. Definition of Markets Plus

Commenters: G-7 (Public Generating Pool); J-10 (Puget Sound Energy); D-4 (Tacoma Power).

Summary: Commenters suggested minor revisions to the “Markets plus” or “Markets +” definition. Commenters asked Ecology to use the phrase “operated by” rather than “designed by” to mirror the definitions for the “Energy Imbalance Market” and “Extended Day Ahead Market.” Commenters also noted that Markets+ will include a real-time market alongside its day-ahead market and therefore asked Ecology not to define the term only as a day-ahead market.

Response: Ecology appreciates commenters’ feedback on the “Markets plus” definition. For consistency and accuracy, we applied commenters’ suggested changes.

k. Definition of Surplus Electricity

Commenters: G-7 (Public Generating Pool); H-18 (Bonneville Power Administration); B-2 (Western Power Trading Forum); D-4 (Tacoma Power); C-3 (Seattle City Light), E-5 (California Independent System Operator)

Summary: Commenters widely noted that the definition of surplus electricity, as proposed, was broad, confusing, and had little applicability to Western Energy Imbalance Market (EIM) and the Extended Day Ahead Market (EDAM). They requested additional stakeholder engagement opportunities to inform development of detailed guidance by Ecology on surplus determinations.

If the definition of “surplus electricity” is incorporated, commenters recommend a variety of specific edits or considerations including:

- Some commenters noted that the concept of “surplus electricity” is not applicable to the EIM or EDAM markets operated by California Independent System Operator.
- Some commenters recommended edits to the definition of “surplus electricity” to accommodate federal system sales into Washington. The commenters’ suggestions are intended to cover both an individual resource that is a

specified source, as well as specified source system power provided by an asset controlling supplier.

- One commenter recommended Ecology delete the language limiting existing obligations to only those providing electricity to purchasing entities, in order to account for Balancing Authority Areas and resources also providing ancillary services that should factor into total obligations in addition to providing electricity to entities that have contracted to purchase power from the Bonneville Power Administration.
- One commenter recommended broadening the definition to include electricity from an owned resource needed to cover load, in addition to electricity sold from resources owned by independent power producers. The same commenter noted that the definition does not consider potential differences in identifying surplus for legacy resources versus resources built in response to clean energy mandates.

Response: Ecology recognizes the commenters' concerns and appreciates their feedback. Ecology's proposed definition of specified source required that electricity must be contracted to a Washington retail provider or be surplus electricity. We had intended for surplus energy provisions to limit the possibility of emissions leakage, or an underreporting of greenhouse gas emissions that may be generated out-of-state. Ecology agrees that emissions leakage, specifically secondary dispatch, is a valid concern. After careful consideration, Ecology has decided to withhold surplus electricity concepts from this rulemaking, including the surplus electricity definition.

EDAM and Markets+ are expected to begin operating in 2026 and 2027, respectively. The concerns expressed by impacted parties highlighted the importance of additional dialogue on highly technical and influential topics like surplus electricity and addressing emissions leakage. Ecology is committed to an informed approach addressing potential emissions leakage from centralized electricity markets and ensuring any provisions incorporated in rule are aligned with market implementation. Ecology is committed to addressing this topic by the October 1, 2026, statutory deadline.

Ecology has announced it will adopt additional regulations related to electricity, including the topics of emissions leakage and market imports of electricity from unspecified sources, in a future rulemaking process. To support an informed approach on a variety of electricity topics, Ecology is hosting a series of Cap-and-Invest Electricity Forums. We encourage interested parties to participate in the Electricity Forums and continue to submit comment in relevant rulemakings.

Ecology believes continued engagement with interested parties is essential to inform a definition of surplus electricity that is clear, durable, and compatible with multiple markets. The detailed feedback that Ecology has already received from interested parties regarding surplus electricity will be invaluable as we continue to work on electricity regulations in separate rulemakings.

I. Definition of Direct Delivery of Electricity

Commenters: J-10 (Puget Sound Energy), D-4 (Tacoma Power)

Summary: Puget Sound Energy (PSE) and Tacoma Power asked Ecology to clarify the inclusion of “the facility has a first point of interconnection within a centralized electricity market” within the definition of “direct delivery of electricity.” PSE suggested that this provision should reflect the ability to directly deliver generation that is interconnected to a transmission provider’s system to the centralized electricity market. Tacoma Power suggested that the “first” component of this criterion might inadvertently exclude facilities that are made available by an organized market but are not necessarily located in a balancing authority area (BAA) or region within the market footprint. PSE and Tacoma Power suggested different edits to acknowledge that facilities participating in a specific centralized electricity market (CEM) may not be geographically located in a larger BAA or region where the transmission provider participates in the same market.

Response: Ecology appreciates commenters’ feedback on the “direct delivery of electricity” definition. Ecology has chosen not to integrate either commenter’s specific suggestion into the definition of “direct delivery of electricity.” Considering the complexities of CEMs Ecology believes either suggestion, without opportunity for input by impacted parties, may add to confusion. Ecology notes that for any facilities where electricity is successfully offered into a CEM and the market operator attributes electricity from the facility to Washington, then the facility would be considered to have a first point of interconnection with a centralized electricity market. Ecology intends to solicit input by impacted parties on this topic during upcoming Cap-and-Invest Electricity Forums and/or relevant future rulemakings.

V. Data Requirements and Calculation Methods

a. Exported Electricity

Commenters: B-2 (Western Power Trading Forum)

Summary: The Western Power Trading Forum (WPTF) suggested rule language edits to align the reporting of exported electricity with the clarifications WPTF provided for relevant definitions and language. WPTF commented that in a centralized electricity market, resources that are not sold under a specified contract or attributed to a greenhouse gas pricing area are dispatched to serve the market as a whole, without any identifiable connection to a particular load. WPTF suggested that Ecology instead require the market operator to report unspecified exports from Washington for each hour on an aggregated basis.

Response: Ecology thanks WPTF for their comments. Ecology has chosen not to incorporate the proposed amendment in the final rule. Considering the complexities of centralized electricity markets, particularly the development of day-ahead markets, Ecology must ensure there is ample opportunity for interested parties to provide feedback on regulations that would affect reporting provisions. In this final rule,

Ecology is prioritizing regulatory changes that establish a framework for accounting for specified electricity imported through centralized electricity markets.

The Electricity Markets Rulemaking is Ecology's first step in updating Program policy and reporting rules to address centralized electricity markets. We will make additional changes, as needed in separate rulemakings, to address centralized electricity markets in Chapters 173-441 and 173-446 WAC, and consider all relevant previously submitted comments from interested parties. We encourage WPTF to participate in the Cap-and-Invest Electricity Forums and continue to submit comments in relevant rulemakings. We appreciate the commitment that WPTF has made in supporting the thoughtful development of Ecology programs.

b. Requirements for Asset Controlling Suppliers

Commenters: B-2 (Western Power Trading Forum)

Summary: The Western Power Trading Forum (WPTF) commented that the draft rules limited the identification of generating facilities to those for which the reporting entity is a market importer. WPTF said this is inappropriate because all owned resources should factor into the calculation of the entity's asset-controlling supplier emission rate. WPTF recommended that this should be applied to all facilities for which the entity is a generation providing entity.

Response: Ecology thanks WPTF for their suggestion. WAC 173-441-124(3)(v)(D) has been amended in final rule language to address WPTF and other commenters' concerns by changing the requirement to apply to electricity generating facilities that the reporting entity anticipates will be part of its report.

c. Additional Information for Specified Source Claims

Commenters: B-2 (Western Power Trading Forum)

Summary: The Western Power Trading Forum (WPTF) recommended that Ecology establish additional reporting and documentation requirements related to surplus electricity. Specifically, WPTF suggested requiring the reporting entity to provide Ecology with a qualitative description of the internal procedures it used to identify surplus electricity, based on any guidance issued by Ecology. WPTF also commented that the rules should provide for Ecology "to request information from market operators to validate information on electricity imports from centralized electricity markets reported by electric power entities."

Response: Ecology thanks WPTF for its suggestions. Ecology decided to omit surplus energy concepts from the final rule, so surplus-related requirements for specified source claims would not apply at this time. Ecology will be considering how to implement surplus energy concepts in upcoming rulemakings, and we will make sure to evaluate your suggested changes in the broader context of surplus identification.

Commenter: I-9 (Southwest Power Pool)

Summary: The Southwest Power Pool (SPP) asked Ecology to clarify that it is the electric power entity, and not the market operator, that is required to provide Ecology with records and other information for claims of specified sources of electricity by May 1 for centralized electricity market transactions in the previous calendar year.

Response: Ecology appreciates the SPP’s feedback. We have made changes to clarify that it is the reporting entity, and not the market operator, that is required to provide additional information to Ecology for specified source claims. SPP is correct that the final rule is not intended to require a market operator to provide this information to Ecology directly.

d. Western Energy Imbalance Market Electricity Imports

Commenters: D-4 (Tacoma Power)

Summary: Tacoma Power expressed support for Ecology’s decision to continue its current, interim treatment of Western Energy Imbalance Market (EIM) imports. Tacoma Power recommended changing the dates in rule to reflect the expected implementation date from “2023 through 2026” to “2025 through 2026.”

Response: Ecology thanks Tacoma Power for their feedback. For emissions year 2023 through 2026, or until resource-specific attribution is enabled, Ecology affirms that EIM purchases will continue to carry a report-only obligation for electric power entities. Because the years 2023 through 2026 correspond to the first compliance period, and because the rule maintains the existing regulatory approach, we are keeping the years unchanged in the final rule for consistency. Additionally, if Ecology were to discover electric power entities that did not, but should have, reported emissions prior to 2025, this language allows for the possibility of a new or revised report to be submitted to Ecology for those years.

e. Elimination of Two-Step Submissions for Electric Power Entities

Commenters: K-11 (PacifiCorp)

Summary: PacifiCorp expressed support for Ecology’s proposal to eliminate the two-step submission for electric power entities (EPEs). PacificCorp commented that there are several instances in the rule that still refer to an “initial” emission report. For consistency, PacifiCorp asked Ecology to remove "initial" in WAC 173-441-060(4) and WAC 173-441-085(5)(e) and delete WAC 173-441-124(4)(j) in its entirety.

Response: Thank you for your comment. This rulemaking removes the two-step submission for EPEs referenced in WAC 173-441-050(2)(a)(i).

The use of “initial” in WAC 173-441-060(4), WAC 173-441-085(5)(e), and WAC 173-441-124(4)(j) refers to a reporting entity’s first submitted report for an emission year, where subsequent reports may be submitted upon identification of error or misstatement. As such, these references are not relevant to the two-step submission process for EPEs, and Ecology did not change the rule language due to this comment.

Commenters: B-2 (Western Power Trading Forum)

Summary: The Western Power Trading Forum (WPTF) expressed support for eliminating the two-stage reporting deadline for electric power entities (EPEs) in WAC 173-441-085. WPTF commented that subparagraph (4) under WAC 173-441-085 refers to an “initial” report, which implies more than one. WPTF asked Ecology to delete the word “initial” for internal consistency.

Response: The use of “initial” in WAC 173-441-060(4) and WAC 173-441-085(5)(e) refers to a reporting entity’s first submitted report for an emission year, where subsequent reports may be submitted upon identification of error or misstatement. As such, these references are not relevant to the two-step submission process for EPEs, so Ecology did not change the rule language due to this comment.

VI. Reporting

a. Asset-Controlling Supplier Reporting

Commenters: H-18 (Bonneville Power Administration)

Summary: The Bonneville Power Administration (BPA) asked Ecology to be neutral on whether it will serve as a first jurisdictional deliver and commented that “deemed market importer” is not the correct term because it is specific to a centralized electricity market, not all wholesale transactions. BPA understands that this provision is intended to ensure that an asset-controlling supplier as a reporting entity provide a list of all specified generating facilities to Ecology. BPA recommends amendments to WAC 173-441-124 (3)(e)(v)(D)

Response: Ecology thanks BPA for their suggestion. WAC 173-441-124(3)(e)(v)(D) has been amended in the final rule language to reflect changes consistent with BPA’s suggestion.

b. Reporting of Settlement Data

Commenters: H-18 (Bonneville Power Administration)

Summary: The Bonneville Power Administration (BPA) asked Ecology to provide guidance allowing a market participant to submit an annual report compiled by a market operator detailing the market participant’s resources attributed to Washington as an alternative to submitting settlement records. BPA noted that settlement data is proprietary and contains confidential pricing information. BPA commented that Ecology could review data on resource attribution using market operator-provided annual reports that focus on relevant information for greenhouse gas reporting while minimizing concerns about sharing confidential pricing information.

BPA separately asked Ecology to use June 1 instead of May 1 for consistency with the annual reporting deadline. BPA noted in its experience reporting to the California Air Resources Board (CARB), the third-party verifier reviews settlement data to verify the accuracy of reporting on federal system resources attributed to California in the Western Energy Imbalance Market (EIM) for which BPA is the participating

resource scheduling coordinator. BPA added that CARB does not require that participating resource scheduling coordinators submit settlement data to CARB.

Response: Ecology thanks BPA for their comment. The May 1st deadline allows Ecology time to review submitted records and information related to attribution for claims of specified imports in advance of the June 1st annual reporting deadline for electric power entities. To receive a positive verification statement from a third-party verifier, this demonstration of attribution must be provided to Ecology prior to the reporting deadline. As such, Ecology has kept the May 1st date in the rule language, but has taken note of BPA and other commenters' statements on this matter. Ecology will also consider providing further guidance on records and information that provide proof of attribution to clarify requirements for reporting entities and to ensure concerns regarding confidential information are addressed. In rule language, proof of attribution is not limited to settlement records and is intended to provide information regarding specified imports from centralized electricity markets.

c. Additional Reporting Requirements for Retail Providers

Commenters: H-18 (Bonneville Power Administration), C-3 (Seattle City Light), D-4 (Tacoma Power), G-7 (Public Generating Pool)

Summary: Commenters noted that the intent of the added requirement is unclear and appears unimplementable. Commenters noted that the requirement does not appear to align with the deemed market importer framework or centralized market designs.

Response: Ecology appreciates commenters' feedback. We have removed the requirement for retail providers to report net purchases from centralized electricity markets from this rulemaking to allow for further discussion. This additional reporting requirement was intended to provide more insight into the source of electricity serving Washington retail provider load, but did not impact covered emissions for those entities.

Currently, as implemented under WAC 173-441-124(3)(a)(v), utilities or market participants reporting as electric power entities under Chapter 173-441 WAC report total power (megawatt-hours) obtained from the Western Energy Imbalance Market (EIM). Until deeming is enabled, it is Ecology's intention to maintain this method of reporting. The data elements required for reporting on purchases of electricity from EIM will be provided by the California Integrated System Operator directly to their participating entities or, for Bonneville Power Administration (BPA) customer utilities, the necessary information may be provided by BPA. The data provided should represent the annual settlement data for EIM electricity purchased by the utility or EIM participating entity.

d. Verification Requirements

Commenters: G-7 (Public Generating Pool)

Summary: The Public Generating Pool (PGP) commented that because "the provision of records and other information" demonstrating attribution of energy to Washington will occur between the reporting entity and their third-party verifier,

providing the same records to Ecology would be unnecessarily duplicative. PGP therefore recommended omitting this requirement from WAC 173-441-124(3)(f)(iii).

Response: Ecology thanks PGP for their comment. The May 1st deadline allows Ecology time to review submitted records and information related to attribution for claims of specified imports in advance of the June 1st annual reporting deadline for EPEs. To receive a positive verification statement from a third-party verifier, this demonstration of attribution must be provided to Ecology. As such, Ecology has kept the May 1st date in the rule language, but has taken note of PGP and other commenters' statements on this matter.

Commenters: G-7 (Public Generating Pool)

Summary: The Public Generating Pool (PGP) recommended using the term “reporting entity” instead of “electric power entity” to maintain consistency with other provisions in the proposed rules.

Response: Ecology thanks PGP for their comment. We made the recommended change in the rule language.

VII. Other

a. Double Counting

Commenters: D-4 (Tacoma Power)

Summary: Tacoma Power provided suggestions on WAC 173-446-040(3), Allotment of covered emissions, to avoid double counting or the inclusion of emissions that occur outside the program. Tacoma Power commented that under WAC 173-446-040(3)(e)(i), the entity allotted covered emissions is the “electricity importer” as per Chapter 173-441 WAC, and WAC 173-441-124(3)(a)(v)(A) provides that during the 2023-2026 interim period, the Western Energy Imbalance Market (EIM) market participant in Washington is the electricity importer for electricity imported through the EIM.

Tacoma Power noted that without further clarification, together these sections suggest that compliance obligations may indeed exist during the interim period 2023-2026. Tacoma Power requested additional clarification from Ecology to confirm that no compliance obligations will be associated with EIM imports until the California Independent System Operator enables resource-specific attribution for the market.

Response: Ecology thanks Tacoma Power for their comment. Ecology affirms that, prior to the enablement of resource-specific attribution, EIM purchases do not contribute to an entity's covered emissions. The addition of language in WAC 173-441-124(3)(a)(v)(A) is intended to continue the current reporting implementation of EIM purchases until deeming is enabled.

b. E2SSB 6058 Provisions

Commenters: B-2 (Western Power Trading Forum); J-10 (Puget Sound Energy)

Summary: Commenters are aware of a parallel rulemaking that Ecology has initiated in response to the Engrossed Second Substitute Senate Bill 6058 (E2SSB 6058), which modified the Climate Commitment Act to facilitate linkage to the programs of California and Quebec. They recognize that passage of E2SSB 6058 occurred after initiation of the Electricity Markets Rulemaking, and that E2SSB 6058 addresses a broad set of issues beyond those related to electricity imports.

However, commenters raised a concern that Ecology’s approach of addressing imported electricity issues in two rulemakings is confusing and could result in inconsistent reporting of electricity imports next year. Commenters stated that Ecology’s rulemaking timelines could lead to inconsistency between rules and E2SSB 6058 on the treatment of “netting” and “wheel throughs” of unspecified imports.

Further, commenters noted that they have heard anecdotally that different verifiers may have different views on the “lesser-of” approach used by electric power entities in reporting electricity wheeled through the state, or electricity that is separately accounted, as laid out in the white paper, *Consideration of Electricity Imports and Determination of the Electricity Importer Under the Climate Commitment Act*, dated March 1, 2023. Commenters worried that confusion is likely to worsen next year unless Ecology provides more clarity.

Commenters therefore urged Ecology to move all rulemaking provisions related to electricity imports out of the separate rulemaking for linkage and into this rulemaking for electricity markets. Commenters acknowledged that doing so would likely require an extension of time to complete this electricity market rulemaking, but they believe it could be accomplished before both the completion of the linkage rulemaking and the June 1 reporting deadline for electric power entities. Commenters reasoned that making this change would allow sufficient time to ensure the rule is in effect before the launch of the day-ahead centralized electricity markets and also provide clarity for upcoming annual greenhouse gas reporting.

Response: Ecology thanks commenters for their input. Ecology has developed the rulemaking timelines very carefully to avoid conflict with Administrative Procedure Act requirements. Because the two rulemaking processes work on the same sections of the WAC, the Electricity Markets Rulemaking must be adopted prior to the proposal of the linkage rulemaking. Thus, delaying the Electricity Markets Rulemaking would also delay the linkage rulemaking. Ecology commits to completing all statutory requirements prior to the statutory deadline of October 1, 2026.

Staff will carefully consider all comments submitted to Ecology to date (including all previous and ongoing rulemakings associated with Chapters 173-441 and 173-446 WAC), as we consider developing guidance and rule to clarify reporting of electricity imported into Washington. Moreover, Ecology is committed to providing interested parties with guidance, as the need arises, before relevant deadlines under this rule take effect. Staff encourages interested parties to continue to inform Ecology’s work

by participating in the recently initiated Cap-and-Invest Electricity Forums and comment period opportunities in relevant rulemakings. We appreciate the commitment that interested parties have made in supporting the development of Ecology programs.

To provide clarity on E2SSB 6058 implementation to all market participants, Ecology released a market notice on November 18, 2024, describing Ecology's plan for E2SSB 6058 implementation including the transition from a netting to wheel-through approach for unspecified imports.

c. General Concern

Commenters: A-1 (Adcock)

Summary: This commenter is an independent rate payer and electrical engineer who cautions that electricity markets don't always save money. The commenter expressed concern that power can flow to high price markets like California. Additionally, the commenter noted the possibility of unforeseen regulatory distortions or market collusions as a result of this rulemaking.

The commenter emphasized that Ecology should be aware of these potential problems and work on fixing them as soon as they arise.

Response: Ecology appreciates the care and concern expressed by the commenter. Ecology notes that participation in any centralized electricity market (CEM) is a voluntary decision made by each individual market participant. Ecology is not a market operator and does not regulate market operators or tariff structures within CEMs. The purpose of this rulemaking is to ensure that if entities choose to import power into Washington through CEMs, that Ecology programs appropriately account for any associated greenhouse gas emissions.

d. Renewable Energy Credits

Commenters: F-6 (Center for Resource Solutions)

Summary: The Center for Resource Solutions (CRS) submitted detailed comments to Ecology about renewable energy credits (RECs) in centralized electricity markets. CRS expressed concern that the definition of "imported electricity" risks double counting emissions because there is no requirement for imported electricity with RECs to be delivered or used in Washington. CRS recommended standardizing REC serial reporting, specifically by assigning compliance obligations to electricity imports from renewable resources without associated RECs. CRS also suggested a new requirement to report REC serial numbers associated with specified renewable imports to the Western Renewable Energy Generation Information System.

CRS commented that compliance obligations should apply to renewable imports unless the RECs are reported and retired in Washington. CRS noted that during the development of the Clean Energy Transformation Act, there was consensus among stakeholders that RECs linked to out-of-state sales should not count for Washington's

compliance obligations. CRS advocated for retirement requirements when electricity is delivered to end users, with rules that should apply to bilateral transactions as well as market imports of renewable energy from specified sources.

Response: Ecology thanks CRS for its comments. We understand that CRS has an interest in the potential role of renewable energy credits in centralized electricity markets. While Ecology is grateful for the information CRS has shared with us, we are not addressing RECs as part of the rulemaking for centralized electricity markets. Ecology is required to by RCW 70A.65.080(1)(c) to “adopt by rule a methodology for addressing imported electricity associated with a centralized electricity market.” The CCA does not mandate that Ecology require reporting and retirement of RECs. As the need arises, Ecology will consider developing additional materials to provide guidance around this rule. Furthermore, Ecology is considering additional changes to electricity regulations that will take place in separate rulemaking processes, such as the rulemaking for linkage. We invite CRS to raise related topics it believes are important for Ecology to consider during the upcoming Cap-and-Invest Electricity Forums, or through comment period opportunities in the linkage rulemaking.